April 19, 2011

ENGROSSED
HOUSE BILL No. 1001

DIGEST OF HB 1001 (Updated April 18, 2011 10:38 am - DI 73)

Citations Affected: IC 2-3; IC 2-5; IC 4-12; IC 4-15; IC 4-22; IC 4-33; IC 4-35; IC 5-1; IC 5-1.5; IC 5-10; IC 6-1.1; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-5.5; IC 6-7; IC 6-9; IC 8-10; IC 11-13; IC 12-7; IC 12-8; IC 12-9; IC 12-10; IC 12-12.7; IC 12-15; IC 12-17.6; IC 12-24; IC 12-28; IC 16-18; IC 16-28; IC 16-29; IC 16-41; IC 16-47; IC 20-20; IC 20-21; IC 20-22; IC 20-24; IC 20-26; IC 20-31; IC 20-32; IC 20-35; IC 20-40; IC 20-43; IC 20-46; IC 21-12; IC 21-18; IC 21-33; IC 21-43; IC 27-8; IC 29-1; IC 29-3; IC 31-9; IC 31-30; IC 31-34; IC 33-38; IC 36-9; noncode.

Synopsis: Budget bill. Appropriates money for capital expenditures, the operation of the state, the delivery of Medicaid and other services, and various other distributions and purposes. Provides a state tuition support funding formula. Updates references to the Internal Revenue Code (IRC). Provides that amendments made to the federal earned income tax credit under the Federal 2010 Tax Relief Act are not included in the calculation of the Indiana earned income tax credit. Excludes certain changes made to the IRC under the Tax Relief Act

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Effective: Upon passage; June 30, 2010 (retroactive); January 1, 2011 (retroactive); June 1, 2011; July 1, 2011; January 1, 2012; January 1, 2013.

Espich

(SENATE SPONSORS — KENLEY, BRODEN)

January 18, 2011, read first time and referred to Committee on Ways and Means.
February 21, 2011, amended reported — Do Pass.
March 29, 2011, read second time, amended, ordered engrossed.
March 30, 2011, engrossed. Read third time, passed. Yeas 60, nays 37.

SENATE ACTION

March 31, 2011, read first time and referred to Committee on Appropriations.
April 18, 2011, amended, reported favorably — Do Pass.

and the Small Business Jobs Act of 2010 that affect the calculation of adjusted gross income. Provides that certain amendments made to the IRC are excluded from Indiana's definition of the IRC. Provides that the budget agency shall require reversions of $30,000,000 to be made from state general fund appropriations in each year of the biennium. Changes the percentage of the revenues collected from cigarette taxes that must be deposited in the state retiree health benefit trust fund. Provides that if the budget agency certifies to the budget committee: (1) that provisions implementing the Streamlined Sales and Use Tax Agreement have been enacted into law by the United States Congress; and (2) that there is an excess in use tax collections on remote sales; the excess amount is appropriated from the state general fund for children of veterans' awards. Provides for the transfer of the part of the state's year-end general revenue surplus above 12% of appropriations to the pension stabilization fund. Permits the horse racing commission to use up to 2% of breed development fund revenue for operating and administrative costs. Provides that from funds used to promote standardbred horses and horse racing that $750,000 goes to the state fair commission to support standardbred racing and facilities at the state fairgrounds and $250,000 goes to the state fair commission to make grants to county fairs to support standardbred racing and facilities at county fair tracks. Provides that the graduated slot machine wagering tax applies to 99% of the adjusted gross receipts received beginning July 1, 2012. Provides that the annual salary of the members of the general assembly shall not be increased during the state fiscal year beginning July 1, 2011, or during the state fiscal year beginning July 1, 2012, regardless of any changes to judges' salaries, Provides that any salary increase that would otherwise occur in the state fiscal year beginning July 1, 2011, or in the state fiscal year beginning July 1, 2012, under the statute providing for adjustment of judges' salaries shall not occur unless the increase for that state fiscal year is approved by the chief justice of the supreme court. (Under current law, the salaries of prosecutors are also determined by the amount of judges' salaries.) Specifies conditions for approval of the use of a state reserve fund by the budget director as part of a financing. Defines "reporting year" for purposes of the statutes concerning lobbyist reporting. Abolishes the Indiana tobacco use prevention and cessation executive board on July 1, 2011, and transfers all assets, obligations, powers, duties, and appropriations to the state department of health. Repeals statutes governing the executive board. Establishes the interim study committee on employment issues. Decreases the financial institutions tax rate from 8.5% to 7.5% beginning January 1, 2013, and to 6.5% beginning January 1, 2014. Eliminates the guaranteed distribution of financial institutions taxes to taxing units and provides for a distribution based on 50% of the taxes collected beginning January 1, 2012. Provides that GPS tracking of individuals as a condition of parole is subject to the amount appropriated to the department of correction for its monitoring program. Specifies that a person or an organization that has a contract or arrangement with a school corporation to provide goods or services to the school corporation may not spend any money to promote a position on a school petition and remonstrance or local public question. Provides that debt issued by a local port authority may not have a maturity longer than 25 years. Changes the definition of "developmental disabilities" to conform to the federal definition. Repeals the community residential council and gives the duties of the council to the division of disability and rehabilitative services (division). Changes the following concerning the first steps program: (1) the third party payor requirements; (2) the copayment structure and amounts; and (3) allows the division to require a copayment for only one child per family during a billing period. Requires certain reports to the division of disability and rehabilitative services advisory council. Eliminates priority criteria for formal categories for developmental disability waiver slots. Requires the office of Medicaid policy and planning to apply for federal approval to amend a Medicaid waiver to set an emergency placement priority for certain individuals. Allows the

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office of Medicaid policy and planning (office) to adopt emergency rules under additional circumstances. Removes language setting forth requirements for determining the medical assistance rate to be paid on behalf of a resident of a county home and language that required the adoption of rules on reimbursement and an annual review of the medical assistance rate. Removes a requirement for the establishment of an administrative appeal procedure for a residential care provider that disagrees with the provider's calculated reimbursement rate. Eliminates the office's ability to disregard certain contributions and allows the office to implement certain optional federal provisions. Specifies age requirements for certain optional Medicaid services. Limits certain services for Medicaid recipients. Prohibits the office from reimbursing nursing facilities for reserving a bed for certain Medicaid recipients. Requires the office to calculate the federal cost effectiveness of a waiver applicant's or a waiver recipient's participation in the developmental disabilities Medicaid waiver. Requires the office to apply for an amendment to certain Medicaid waivers to allow the office to count a dependent waiver applicant's parental income in determining eligibility. Amends probate law concerning the sale of real estate to satisfy certain claims by the office. Authorizes the office of the secretary of family and social services to apply during the 2011 or 2012 general assembly interim for: (1) a Medicaid waiver if the waiver is relating to the federal Patient Protection and Affordable Care Act; and (2) a Medicaid block grant for the administration of the Medicaid program; if certain conditions are met. Repeals the following: (1) Statutes prohibiting the Medicaid program and the CHIP program from limiting the number of brand name drugs. (2) The family and social services committee. (3) Provisions requiring the division of aging (division) to adopt rules concerning reimbursement to residential care assistance facilities and to annually review the reimbursement rate. (4) Provisions requiring each residential care facility to annually file an operations cost report, requiring the division to review the facility operations cost reports, and requiring the division to submit an annual report to the budget agency concerning possible modification of a facility's reimbursement rate based on the facility's operations cost report. Requires and sets forth the procedure for an institutional provider and a noninstitutional provider to reimburse the office of the secretary of family and social services for, or appeal a determination of, certain Medicaid overpayments made to the provider. Changes the timeframe that a provider has to repay an overpayment from 60 days to 300 days. Extends: (1) the collection of a nursing facility quality assessment fee with changes to the amount collected and the amount and to whom the dollars are dispersed; and (2) a moratorium on the certification of new or converted comprehensive care beds for participation in the state Medicaid program; until June 30, 2014. Creates a certificate of need for a comprehensive care bed license that allows the state department of health to grant a license for a bed only if the county in which the beds are to be located has an occupancy rate of at least 90%. Authorizes the office of Medicaid policy and planning to collect a hospital assessment fee from certain hospitals until June 30, 2013, if certain conditions are met. Establishes the hospital Medicaid fee fund for purposes of collection and distribution of the hospital assessment fee. Sets forth certain exemptions from the certificate of need. Provides that the restriction on drugs that may be implemented by the office of Medicaid policy and planning may include the implementation of certain policies. Requires that, beginning January 1, 2012, infants must be given a pulse oximetry screening examination to detect for low oxygen levels. Requires the state department of health to: (1) develop procedures and protocols for the testing; and (2) report to the legislative council not later than October 31, 2011, certain information concerning pulse oximetry screening of newborns. Establishes the state personnel department (department), which applies to employees of a governmental entity that exercises any of the executive powers of the state under the direction of the governor or lieutenant governor, except

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for a body corporate and politic and the state police. Requires the governor to appoint a director (director) who is responsible for administering the department. Establishes the state civil service system (system) under which state employees are categorized according to two classifications of state employment: (1) classified service; and (2) unclassified service. Provides that an employee in the state classified service who successfully completes a working test period may be dismissed, demoted, or suspended only for just cause. Establishes a process for an employee to file a complaint and appeal an adverse personnel decision. Provides that an unclassified employee is an employee at will and serves at the pleasure of the employee's appointing authority. Requires the director to establish and maintain a classification and pay plan for the system. Requires the director, in cooperation with appointing authorities, to establish and amend standards of performance and expected outcomes for employees and a system of service ratings based on the standards. Requires each appointing authority to make, at least annually, service ratings for the employees in the authority's division of the system. Provides that the state shall not recognize, bargain collectively with, enter into a collectively bargained agreement with, or require an employee to join or financially support an employee organization. Provides that a contract or any other form of agreement resulting from negotiations between the state and an employee organization is illegal, unenforceable, void, and of no effect. Provides that a state employee is entitled to be a member of or otherwise associate with an employee organization, consult with others for the common good of employees, financially support an employee organization, and petition for the redress of grievances in a manner that does not interfere with the performance of the duties of the employee or of another employee or adversely affect the conduct of state business. Provides that a state employee shall not strike. Provides that a person who violates the provisions concerning employee organizations commits a Class C infraction. Specifies that a court may assess damages against a person who violates these provisions, in addition to any civil penalties that are imposed. Repeals provisions establishing the state personnel advisory board, the state personnel department, the state merit system, the career bipartisan personnel system, and the merit system for engineers. Repeals provisions concerning the removal of a public officer after a hearing. Makes changes to the retirement medical benefits for conservation officers, employees of the state excise police, and employees of the state police department (other than an employee of the state police department who waives coverage under a common and unified plan of self-insurance before July 1, 2011). Deletes the provision authorizing plans of self-insurance to be established by the Indiana gaming commission for gaming agents and gaming control officers. Provides that a teacher at the Indiana School for the Deaf or the Indiana School for the Blind and Visually Impaired accrues vacation leave and holidays in accordance with the vacation leave and holiday policy of the largest school corporation in the county in which the school is located. Allows money to be transferred from the freedom of choice grant fund to the higher education award fund. Requires a postsecondary educational institution that enrolls a student who receives any state assistance or loan to provide student data requested by the commission on higher education. Requires the budget agency to calculate the annual, projected growth in appropriated dollars for certain award and scholarship programs for state fiscal years 2013 through 2031. Modifies the requirement that the commission for higher education (CHE) must complete a review of a project approved or authorized by the general assembly within 90 days after the project is submitted for review to apply only if it does not include state appropriated money. Permits the CHE to set the student fee schedule for priority dual enrollment courses. Provides a Mitch Daniels early graduation scholarship to a student who graduates from high school before grade 12. Provides that the amount of the scholarship is $4,000. Requires the state board of education to amend its rules to facilitate

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graduation from high school in less than seven semesters. Allows a student to participate in an early college, a dual credit, or a dual enrollment program during any grade in high school. Requires the department of education to transfer tuition support to SSACI for scholarship students that are accepted at a higher education institution. Provides that a state higher educational institution may not set tuition and fees until after the commission for higher education has established the recommended tuition and mandatory fee increase targets. Requires the commission for higher education to study the repair and rehabilitation funding formula being used for the 2011-2013 biennium and Ivy Tech Community College's plan to accommodate growth in enrollment and submit a written report of its findings and any recommendations to the state budget committee. Sets the Indiana comprehensive health insurance association (ICHIA) premium rates at 150% of the average rate of the five largest commercial carriers. Revises the eligibility requirements for an ICHIA policy to require applicants to first apply for the federal pre-existing condition insurance plan and the healthy Indiana program. Provides that beginning with the 2011-2012 school year, a virtual charter school may apply for sponsorship with any statewide sponsor in accordance with the sponsor's guidelines. Specifies the amount that a virtual charter school is entitled to receive in state funding. Provides that a certain amount of the school capital projects fund may be used for utilities and insurance in calendar year 2011, 2012, and 2013. Provides an exception until July 1, 2013, for a part of a school corporation's debt service fund levy to be transferred to the capital projects fund, transportation fund, or school bus replacement fund if: (1) a school corporation has a fiscal impact from circuit breaker credits for all funds, except the general fund, that is in excess of 30% of the corporation's combined levy for all funds not used for debt service, except the general fund and issues refunding bonds that result in a positive incremental difference in annual debt service. Provides for a new charter school startup grant for charter schools that initially are established and begin enrolling eligible pupils after June 30, 2011. Makes changes to the provisions included in HB 1429 concerning textbooks and other curricular material. Changes the effective date of provisions added in HEA 1341 (concerning special education grants). Makes other changes to the provisions added in HEA 1341. Provides that a school that remains in the lowest performance category for a fifth year becomes a turnaround academy. Requires the state board of education to set specific goals for a turnaround academy, and allows the turnaround academy to be operated by a special management team. Requires the state superintendent of education to develop an ISTEP program testing schedule in which each student in grade 10 or grade 11 must take a graduation examination. Permits the department of child services to establish a kinship guardianship assistance program. Provides that a probate or juvenile court may include certain conditions in its order creating a guardianship of a minor. Adds provisions concerning the jurisdiction of the probate court and juvenile court regarding certain guardianships of a child. Provides that in all civil, criminal, infraction, and ordinance violation actions, the automated record keeping fee is $7 before July 1, 2013 and $4 after June 30, 2013. Provides that a county not operating under the state's automated judicial system is to retain 14.3% of the automated record keeping fee. Provides that in all civil actions, the public defense administration fee is $3 before July 1, 2011 and $5 after June 30, 2011, and increases the semiannual deposit into the public defense fund from $2,700,000 to $3,700,000 beginning July 1, 2011. Provides that the amount of a supplemental distribution made to a county from its county adjusted gross income tax (CAGIT), county option income tax (COIT), or county economic development income tax (CEDIT) account is based on a 150% excess. Requires the budget agency to make estimates of the statewide total amount of CAGIT, COIT, and CEDIT certified distributions. Specifies that the part of a supplemental distribution that is attributable to an additional rate authorized under CAGIT, COIT, or CEDIT shall be used for its dedicated purpose and is not required to be

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deposited in the unit's rainy day fund. Provides that the Allen County supplemental food and beverage tax terminates two years after the retirement of debt that was incurred by the Allen County-Fort Wayne capital improvement board of managers (board). Provides that revenue exceeding that needed to pay obligations may be used by the board to provide funding and financing for certain capital projects that could be paid for with CEDIT revenue. Permits the board to use $100,000 annually to pay expenses related to such a capital project. Prohibits the board from using the excess revenue to provide for debt service or lease payments for a project for which the obligations for the project were incurred before January 1, 2009. Provides that one of the two board members appointed by the city executive must be engaged in the hospitality industry (rather than the hotel or motel business) in the city. Authorizes (rather than requires) a county fiscal body to appropriate money from the county supplemental juvenile probation services fund. Provides that funds derived from a deferral program or a pretrial diversion program may be disbursed only by the adoption of an ordinance appropriating the funds. Authorizes (rather than requires) a county or municipal fiscal body to appropriate money from a supplemental adult probation services fund. Provides that the statute concerning review by the historic preservation review board does not apply to certain projects or claims paid from the West Baden Springs historic hotel preservation and maintenance fund. Extends the deferral of payment of principal and interest by the Brown County School Corporation on a loan from the rainy day fund. Allows Marion County to impose a property tax levy in 2012 to offset a 2008 deficiency for family and children expenses paid by the county after the elimination of the family and children's fund. Permits Washington Township in Allen County, Lafayette Township in Allen County, and Fairfield Township in Tippecanoe County to obtain an adjustment to the maximum permissible property tax levy for 2012 to offset the use of cash balances in any prior year. Authorizes the legislative branch and the supreme court for the judicial branch to reestablish a leave conversion pilot program. Provides that the program expires June 30, 2013. Provides for a sales tax exemption for the Council of State Governments' Midwestern Legislative Conference. Cancels the requirement that the budget agency repay the interest free loan that was made to the state general fund from the public deposits insurance fund during state fiscal year 2003-2004. Requires the division of state court administration to study certain topics and report to the budget committee. Requires the budget agency to study law enforcement training academies. Requires the commission on state tax and financing policy to study issues related to transit funding.

April 19, 2011

First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

HOUSE BILL No. 1001

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

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

SECTION 1. [EFFECTIVE JULY 1, 2011]

(a) The following definitions apply throughout this act:
(1) "Augmentation allowed" means the governor and the budget agency are authorized to add to an appropriation in this act from revenues accruing to the fund from which the appropriation was made.
(2) "Biennium" means the period beginning July 1, 2011, and ending June 30, 2013. Appropriations appearing in the biennial column for construction or other permanent improvements do not revert under IC 4-13-2-19 and may be allotted.
(3) "Deficiency appropriation" or "special claim" means an appropriation available during the 2010-2011 fiscal year.
(4) "Equipment" includes machinery, implements, tools, furniture, furnishings, vehicles, and other articles that have a calculable period of service that exceeds twelve (12) calendar months.
(5) "Fee replacement" includes payments to universities to be used to pay indebtedness resulting from financing the cost of planning, purchasing, rehabilitation, construction, repair, leasing, lease-purchasing, or otherwise acquiring land, buildings, facilities, and equipment to be used for academic and instructional purposes.
(6) "Federally qualified health center" means a community health center that is designated by the Health Resources Services Administration, Bureau of Primary Health Care, as a Federally Qualified Health Center Look Alike under the FED 330 Consolidated

Health Center Program authorization, including Community Health Center (330e), Migrant Health Center (330g), Health Care for the Homeless (330h), Public Housing Primary Care (330i), and School Based Health Centers (330).

(7) "Other operating expense" includes payments for "services other than personal", "services by contract", "supplies, materials, and parts", "grants, subsidies, refunds, and awards", "in-state travel", "out-of-state travel", and "equipment".

(8) "Pension fund contributions" means the state of Indiana's contributions to a specific retirement fund.

(9) "Personal services" includes payments for salaries and wages to officers and employees of the state (either regular or temporary), payments for compensation awards, and the employer's share of Social Security, health insurance, life insurance, dental insurance, vision insurance, deferred compensation - state match, leave conversion, disability, and retirement fund contributions.

(10) "SSBG" means the Social Services Block Grant. This was formerly referred to as "Title XX".

(11) "State agency" means:

(A) each office, officer, board, commission, department, division, bureau, committee, fund, agency, authority, council, or other instrumentality of the state;

(B) each hospital, penal institution, and other institutional enterprise of the state;

(C) the judicial department of the state; and

(D) the legislative department of the state.

However, this term does not include cities, towns, townships, school cities, school townships, school districts, other municipal corporations or political subdivisions of the state, or universities and colleges supported in whole or in part by state funds.

(12) "State funded community health center" means a public or private not for profit (501(c)(3)) organization that provides comprehensive primary health care services to all age groups.

(13) "Total operating expense" includes payments for both "personal services" and "other operating expense".

(b) The state board of finance may authorize advances to boards or persons having control of the funds of any institution or department of the state of a sum of money out of any appropriation available at such time for the purpose of establishing working capital to provide for payment of expenses in the case of emergency when immediate payment is necessary or expedient. Advance payments shall be made by warrant by the auditor of state, and properly itemized and receipted bills or invoices shall be filed by the board or persons receiving the advance payments.

(c) All money appropriated by this act shall be considered either a direct appropriation or an appropriation from a rotary or revolving fund.

(1) Direct appropriations are subject to withdrawal from the state treasury and for expenditure for such purposes, at such time, and in such manner as may be prescribed by law. Direct appropriations are not subject to return and rewithdrawal from the state treasury, except for the correction of an error which may have occurred in any transaction or for reimbursement of expenditures which have occurred in the same fiscal year.

(2) A rotary or revolving fund is any designated part of a fund that is set apart as working capital in a manner prescribed by law and devoted to a specific purpose or purposes. The fund consists of earnings and income only from certain sources

or combination of sources. The money in the fund shall be used for the purpose designated by law as working capital. The fund at any time consists of the original appropriation to the fund, if any, all receipts accrued to the fund, and all money withdrawn from the fund and invested or to be invested. The fund shall be kept intact by separate entries in the auditor of state's office, and no part of the fund shall be used for any purpose other than the lawful purpose of the fund or revert to any other fund at any time. However, any unencumbered excess above any prescribed amount shall be transferred to the state general fund at the close of each fiscal year unless otherwise specified in the Indiana Code.

SECTION 2. [EFFECTIVE JULY 1, 2011]

For the conduct of state government, its offices, funds, boards, commissions, departments, societies, associations, services, agencies, and undertakings, and for other appropriations not otherwise provided by statute, the following sums in SECTIONS 3 through 10 are appropriated for the periods of time designated from the general fund of the state of Indiana or other specifically designated funds.

In this act, whenever there is no specific fund or account designated, the appropriation is from the general fund.

SECTION 3. [EFFECTIVE JULY 1, 2011]

GENERAL GOVERNMENT

A. LEGISLATIVE

FOR THE GENERAL ASSEMBLY		
LEGISLATORS' SALARIES - HOUSE		
Total Operating Expense	**6,198,756**	**6,198,756**
HOUSE EXPENSES		
Total Operating Expense	**10,299,328**	**10,700,339**
LEGISLATORS' SALARIES - SENATE		
Total Operating Expense	**2,055,318**	**2,055,318**
SENATE EXPENSES		
Total Operating Expense	**10,293,712**	**11,692,594**

Included in the above appropriations for house and senate expenses are funds for a legislative business per diem allowance, meals, and other usual and customary expenses associated with legislative affairs. Except as provided below, this allowance is to be paid to each member of the general assembly for every day, including Sundays, during which the general assembly is convened in regular or special session, commencing with the day the session is officially convened and concluding with the day the session is adjourned sine die. However, after five (5) consecutive days of recess, the legislative business per diem allowance is to be made on an individual voucher basis until the recess concludes.

Each member of the general assembly is entitled, when authorized by the speaker of the house or the president pro tempore of the senate, to the legislative business per diem

allowance for every day the member is engaged in official business.

The legislative business per diem allowance that each member of the general assembly is entitled to receive equals the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area. The legislative business per diem changes each time there is a change in that maximum daily amount.

In addition to the legislative business per diem allowance, each member of the general assembly shall receive the mileage allowance in an amount equal to the standard mileage rates for personally owned transportation equipment established by the federal Internal Revenue Service for each mile necessarily traveled from the member's usual place of residence to the state capitol. However, if the member traveled by a means other than by motor vehicle, and the member's usual place of residence is more than one hundred (100) miles from the state capitol, the member is entitled to reimbursement in an amount equal to the lowest air travel cost incurred in traveling from the usual place of residence to the state capitol. During the period the general assembly is convened in regular or special session, the mileage allowance shall be limited to one (1) round trip each week per member.

Any member of the general assembly who is appointed by the governor, speaker of the house, president or president pro tempore of the senate, house or senate minority floor leader, or Indiana legislative council to serve on any research, study, or survey committee or commission, or who attends any meetings authorized or convened under the auspices of the Indiana legislative council, including pre-session conferences and federal-state relations conferences, is entitled, when authorized by the legislative council, to receive the legislative business per diem allowance for each day the member is in actual attendance and is also entitled to a mileage allowance, at the rate specified above, for each mile necessarily traveled from the member's usual place of residence to the state capitol, or other in-state site of the committee, commission, or conference. The per diem allowance and the mileage allowance permitted under this paragraph shall be paid from the legislative council appropriation for legislator and lay member travel unless the member is attending an out-of-state meeting, as authorized by the speaker of the house of representatives or the president pro tempore of the senate, in which case the member is entitled to receive:
(1) the legislative business per diem allowance for each day the member is engaged in approved out-of-state travel; and
(2) reimbursement for traveling expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the legislative council.

Notwithstanding the provisions of this or any other statute, the legislative council may adopt, by resolution, travel policies and procedures that apply only to members of the general assembly or to the staffs of the house of representatives, senate, and legislative services agency, or both members and staffs. The legislative council may apply these travel policies and procedures to lay members serving on research, study, or survey committees or commissions that are under the jurisdiction of the legislative council. Notwithstanding any other law, rule, or policy, the state travel policies and procedures established by the Indiana department of administration and approved

by the budget agency do not apply to members of the general assembly, to the staffs of the house of representatives, senate, or legislative services agency, or to lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council (if the legislative council applies its travel policies and procedures to lay members under the authority of this SECTION), except that, until the legislative council adopts travel policies and procedures, the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency apply to members of the general assembly, to the staffs of the house of representatives, senate, and legislative services agency, and to lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council. The executive director of the legislative services agency is responsible for the administration of travel policies and procedures adopted by the legislative council. The auditor of state shall approve and process claims for reimbursement of travel related expenses under this paragraph based upon the written affirmation of the speaker of the house of representatives, the president pro tempore of the senate, or the executive director of the legislative services agency that those claims comply with the travel policies and procedures adopted by the legislative council. If the funds appropriated for the house and senate expenses and legislative salaries are insufficient to pay all the necessary expenses incurred, including the cost of printing the journals of the house and senate, there is appropriated such further sums as may be necessary to pay such expenses.

LEGISLATORS' SUBSISTENCE		
LEGISLATORS' EXPENSES - HOUSE		
Total Operating Expense	**2,524,980**	**2,620,929**
LEGISLATORS' EXPENSES - SENATE		
Total Operating Expense	**1,195,888**	**1,015,872**

Each member of the general assembly is entitled to a subsistence allowance of forty percent (40%) of the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area for:
(1) each day that the general assembly is not convened in regular or special session; and
(2) each day after the first session day held in November and before the first session day held in January.

However, the subsistence allowance under subdivision (2) may not be paid with respect to any day after the first session day held in November and before the first session day held in January with respect to which all members of the general assembly are entitled to a legislative business per diem.

The subsistence allowance is payable from the appropriations for legislators' subsistence.

The officers of the senate are entitled to the following amounts annually in addition to the subsistence allowance: president pro tempore, $7,000; assistant president pro tempore, $3,000; majority floor leader, $5,500; assistant majority floor leaders, $3,500; majority floor leader emeritus, $1,500; majority caucus chair, $5,500; assistant majority caucus chairs, $1,500; appropriations committee chair, $5,500;

tax and fiscal policy committee chair, $5,500; appropriations committee ranking majority member, $2,000; tax and fiscal policy committee ranking majority member, $2,000; majority whip, $4,000; assistant majority whip, $2,000; minority floor leader, $6,000; minority leader emeritus, $1,500; minority caucus chair, $5,000; minority assistant floor leader, $5,000; appropriations committee ranking minority member, $2,000; tax and fiscal policy committee ranking minority member, $2,000; minority whip(s), $2,000; assistant minority caucus chair(s), $1,000; agriculture and natural resources committee chair, $1,000; public policy committee chair, $1,000; corrections, criminal, and civil matters committee chair, $1,000; education and career development chair, $1,000; elections committee chair, $1,000; energy and environmental affairs committee chair, $1,000; pensions and labor committee chair, $1,000; health and provider services committee chair, $1,000; homeland security, transportation, and veterans affairs committee chair, $1,000; insurance and financial institutions committee chair, $1,000; judiciary committee chair, $1,000; local government committee chair, $1,000; utilities and technology committee chair, $1,000; commerce and economic development committee chair, $1,000; appointments and claims committee chair, $1,000; and ethics committee chair, $1,000. If an officer fills more than one (1) leadership position, the officer shall be paid for the higher paid position.

Officers of the house of representatives are entitled to the following amounts annually in addition to the subsistence allowance: speaker of the house, $6,500; speaker pro tempore, $5,000; deputy speaker pro tempore, $1,500; majority leader, $5,000; majority caucus chair, $5,000; assistant majority caucus chair, $1,000; ways and means committee chair, $5,000; ways and means committee ranking majority member, $3,000; ways and means committee, chairman of the education subcommittee, $1,500; speaker pro tempore emeritus, $1,500; budget subcommittee chair, $3,000; majority whip, $3,500; assistant majority whip, $1,000; assistant majority leader, $1,000; minority leader, $5,500; minority caucus chair, $4,500; ways and means committee ranking minority member, $3,500; minority whip, $2,500; assistant minority leader, $4,500; second assistant minority leader, $1,500; and deputy assistant minority leader, $1,000.

If the senate or house of representatives eliminates a committee or officer referenced in this SECTION and replaces the committee or officer with a new committee or position, the foregoing appropriations for subsistence shall be used to pay for the new committee or officer. However, this does not permit any additional amounts to be paid under this SECTION for a replacement committee or officer than would have been spent for the eliminated committee or officer. If the senate or house of representatives creates a new, additional committee or officer, or assigns additional duties to an existing officer, the foregoing appropriations for subsistence shall be used to pay for the new committee or officer, or to adjust the annual payments made to the existing officer, in amounts determined by the legislative council.

If the funds appropriated for legislators' subsistence are insufficient to pay all the subsistence incurred, there are hereby appropriated such further sums as may be necessary to pay such subsistence.

FOR THE LEGISLATIVE COUNCIL AND THE LEGISLATIVE SERVICES AGENCY

Total Operating Expense	**10,388,768**	**10,888,768**

LEGISLATOR AND LAY MEMBER TRAVEL

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**750,000**	**750,000**	

Included in the above appropriations for the legislative council and legislative services agency expenses are funds for usual and customary expenses associated with legislative services.

If the funds above appropriated for the legislative council and the legislative services agency and for legislator and lay member travel are insufficient to pay all the necessary expenses incurred, there are hereby appropriated such further sums as may be necessary to pay those expenses.

Any person other than a member of the general assembly who is appointed by the governor, speaker of the house, president or president pro tempore of the senate, house or senate minority floor leader, or legislative council to serve on any research, study, or survey committee or commission is entitled, when authorized by the legislative council, to a per diem instead of subsistence of $75 per day during the 2011-2013 biennium. In addition to the per diem, such a person is entitled to mileage reimbursement, at the rate specified for members of the general assembly, for each mile necessarily traveled from the person's usual place of residence to the state capitol or other in-state site of the committee, commission, or conference. However, reimbursement for any out-of-state travel expenses claimed by lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council shall be based on SECTION 14 of this act, until the legislative council applies those travel policies and procedures that govern legislators and their staffs to such lay members as authorized elsewhere in this SECTION. The allowance and reimbursement permitted in this paragraph shall be paid from the legislative council appropriations for legislative and lay member travel unless otherwise provided for by a specific appropriation.

LEGISLATIVE COUNCIL CONTINGENCY FUND			
Total Operating Expense			**225,000**

Disbursements from the fund may be made only for purposes approved by the chairman and vice chairman of the legislative council.

The legislative services agency shall charge the following fees, unless the legislative council sets these or other fees at different rates:

Annual subscription to the session document service for sessions ending in odd-numbered years: $900

Annual subscription to the session document service for sessions ending in even-numbered years: $500

Per page charge for copies of legislative documents: $0.15

Annual charge for interim calendar: $10

Daily charge for the journal of either house: $2

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
PRINTING AND DISTRIBUTION			
Total Operating Expense	**975,000**	**975,000**	

The above funds are appropriated for the printing and distribution of documents published by the legislative council. These documents include journals, bills, resolutions, enrolled documents, the acts of the first and second regular sessions of the 117th general assembly, the supplements to the Indiana Code for fiscal years 2011-2012 and 2012-2013, and the publication of the Indiana Administrative Code and the Indiana Register. Upon completion of the distribution of the Acts and the supplements to the Indiana Code, as provided in IC 2-6-1.5, remaining copies may be sold at a price or prices periodically determined by the legislative council. If the above appropriations for the printing and distribution of documents published by the legislative council are insufficient to pay all of the necessary expenses incurred, there are hereby appropriated such sums as may be necessary to pay such expenses.

COUNCIL OF STATE GOVERNMENTS ANNUAL DUES			
Other Operating Expense	**143,944**	**143,944**	
NATIONAL CONFERENCE OF STATE LEGISLATURES ANNUAL DUES			
Other Operating Expense	**190,337**	**190,337**	
NATIONAL CONFERENCE OF INSURANCE LEGISLATORS ANNUAL DUES			
Other Operating Expense	**10,000**	**10,000**	
FOR THE INDIANA LOBBY REGISTRATION COMMISSION			
Total Operating Expense	**271,910**	**271,910**	
FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND			
LEGISLATORS' RETIREMENT FUND			
Other Operating Expense	**113,099**	**150,000**	

B. JUDICIAL

FOR THE SUPREME COURT			
Personal Services	**7,519,219**	**7,519,219**	
Other Operating Expense	**2,047,015**	**2,047,015**	

The above appropriation for the supreme court personal services includes the subsistence allowance as provided by IC 33-38-5-8.

LOCAL JUDGES' SALARIES			
Personal Services	**56,979,814**	**56,979,814**	
Other Operating Expense	**61,441**	**61,441**	
COUNTY PROSECUTORS' SALARIES			
Personal Services	**24,546,298**	**24,546,298**	
Other Operating Expense	**1**	**1**	

The above appropriations for county prosecutors' salaries represent the amounts authorized by IC 33-39-6-5 and that are to be paid from the state general fund.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

In addition to the appropriations for local judges' salaries and for county prosecutors' salaries, there are hereby appropriated for personal services the amounts that the state is required to pay for salary changes or for additional courts created by the 117th general assembly.

TRIAL COURT OPERATIONS		
Total Operating Expense	**596,075**	**596,075**
INDIANA CONFERENCE FOR LEGAL EDUCATION OPPORTUNITY		
Total Operating Expense	**778,750**	**778,750**

The above funds are appropriated to the division of state court administration in compliance with the provisions of IC 33-24-13-7.

PUBLIC DEFENDER COMMISSION		
Total Operating Expense	**12,850,000**	**12,850,000**

The above appropriation is made in addition to the distribution authorized by IC 33-37-7-9(c) for the purpose of reimbursing counties for indigent defense services provided to a defendant. The division of state court administration of the supreme court of Indiana shall provide staff support to the commission and shall administer the public defense fund. The administrative costs may come from the public defense fund. Any balance in the public defense fund is appropriated to the public defender commission.

GUARDIAN AD LITEM		
Total Operating Expense	**2,970,248**	**2,970,248**

The division of state court administration shall use the foregoing appropriation to administer an office of guardian ad litem and court appointed special advocate services and to provide matching funds to counties that are required to implement, in courts with juvenile jurisdiction, a guardian ad litem and court appointed special advocate program for children who are alleged to be victims of child abuse or neglect under IC 31-33 and to administer the program. A county may use these matching funds to supplement amounts collected as fees under IC 31-40-3 to be used for the operation of guardian ad litem and court appointed special advocate programs. The county fiscal body shall appropriate adequate funds for the county to be eligible for these matching funds.

CIVIL LEGAL AID		
Total Operating Expense	**1,500,000**	**1,500,000**

The above funds include the appropriation provided in IC 33-24-12-7.

SPECIAL JUDGES - COUNTY COURTS		
Total Operating Expense	**149,000**	**149,000**

If the funds appropriated above for special judges of county courts are insufficient to pay all of the necessary expenses that the state is required to pay under IC 34-35-1-4, there are hereby appropriated such further sums as may be necessary to pay these

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

expenses.

COMMISSION ON RACE AND GENDER FAIRNESS

Total Operating Expense	**380,996**	**380,996**

FOR THE COURT OF APPEALS

Personal Services	**9,283,964**	**9,283,964**
Other Operating Expense	**1,032,777**	**1,032,777**

The above appropriations for the court of appeals personal services include the subsistence allowance provided by IC 33-38-5-8.

FOR THE TAX COURT

Personal Services	**547,228**	**547,228**
Other Operating Expense	**125,785**	**125,785**

FOR THE JUDICIAL CENTER

Personal Services	**1,790,512**	**1,790,512**
Other Operating Expense	**1,030,670**	**1,030,670**

The above appropriations for the judicial center include the appropriations for the judicial conference.

DRUG AND ALCOHOL PROGRAMS FUND

Total Operating Expense	**100,000**	**100,000**

The above funds are appropriated notwithstanding the distribution under IC 33-37-7-9 for the purpose of administering, certifying, and supporting alcohol and drug services programs under IC 12-23-14. However, if additional funds are needed to carry out the purpose of the program, existing revenues in the fund may be allotted.

INTERSTATE COMPACT FOR ADULT OFFENDER SUPERVISION

Total Operating Expense	**200,000**	**200,000**

FOR THE PUBLIC DEFENDER

Personal Services	**5,691,079**	**5,691,079**
Other Operating Expense	**973,837**	**973,837**

FOR THE PUBLIC DEFENDER COUNCIL

Personal Services	**850,195**	**850,195**
Other Operating Expense	**513,902**	**513,902**

FOR THE PROSECUTING ATTORNEYS' COUNCIL

Personal Services	**627,685**	**627,685**
Other Operating Expense	**587,591**	**587,591**

DRUG PROSECUTION

Drug Prosecution Fund (IC 33-39-8-6)

Total Operating Expense	**105,328**	**105,328**

Augmentation allowed.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND			
JUDGES' RETIREMENT FUND			
Other Operating Expense	**11,757,357**	**14,077,436**	
PROSECUTORS' RETIREMENT FUND			
Other Operating Expense	**1,838,908**	**2,080,000**	
C. EXECUTIVE			
FOR THE GOVERNOR'S OFFICE			
Personal Services	**1,891,818**	**1,891,818**	
Other Operating Expense	**59,063**	**59,063**	
GOVERNOR'S RESIDENCE			
Total Operating Expense	**115,207**	**115,207**	
GOVERNOR'S CONTINGENCY FUND			
Total Operating Expense			**11,850**

Direct disbursements from the above contingency fund are not subject to the provisions of IC 5-22.

GOVERNOR'S FELLOWSHIP PROGRAM			
Total Operating Expense	**167,457**	**167,457**	
FOR THE WASHINGTON LIAISON OFFICE			
Total Operating Expense	**36,781**	**36,781**	
FOR THE LIEUTENANT GOVERNOR			
Personal Services	**1,535,765**	**1,535,765**	
Other Operating Expense	**398,262**	**398,262**	
CONTINGENCY FUND			
Total Operating Expense			**10,530**

Direct disbursements from the above contingency fund are not subject to the provisions of IC 5-22.

FOR THE SECRETARY OF STATE

ADMINISTRATION			
Personal Services	**1,632,839**	**1,632,839**	
Other Operating Expense	**176,410**	**176,410**	

FOR THE ATTORNEY GENERAL

ATTORNEY GENERAL

From the General Fund

	13,529,845	**13,529,845**

From the Homeowner Protection Unit (IC 4-6-12-9)

	67,252	**67,252**

Augmentation allowed.

From the Medicaid Fraud Control Unit Fund (IC 4-6-10)

	488,078	**488,078**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

Augmentation allowed.
From the Unclaimed Property Litigation
116,000 116,000
Augmentation allowed.
From the Consumer Fees and Settlements Fund
665,682 665,682
Augmentation allowed.
From the Real Estate Appraiser Investigative Fund (IC 25-34.1-8-7.5)
70,132 70,132
Augmentation allowed.
From the Telephone Solicitation Fund (IC 24-4.7-3-6)
215,682 215,682
Augmentation allowed.
From the Non-Consumer Settlements Fund
216,680 216,680
Augmentation allowed.
From the Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)
497,494 497,494
Augmentation allowed.
From the Abandoned Property Fund (IC 32-34-1-33)
390,662 390,662
Augmentation allowed.

The amounts specified from the General Fund, homeowner protection unit, medicaid fraud control unit fund, unclaimed property litigation, consumer fees and settlements fund, real estate appraiser investigative fund, telephone solicitation fund, non-consumer settlements fund, tobacco master settlement agreement fund, and abandoned property fund are for the following purposes:

Personal Services	**15,126,721**	**15,136,148**
Other Operating Expense	**1,130,786**	**1,121,359**
HOMEOWNER PROTECTION UNIT		
Homeowner Protection Unit Account (IC 4-6-12-9)		
Total Operating Expense	**1,668,644**	**1,668,644**
MEDICAID FRAUD UNIT		
Total Operating Expense	**829,789**	**829,789**

The above appropriations to the Medicaid fraud unit are the state's matching share of funding for the state Medicaid fraud control unit under IC 4-6-10 as prescribed by 42 U.S.C. 1396b(q). Augmentation allowed from collections.

UNCLAIMED PROPERTY		
Abandoned Property Fund (IC 32-34-1-33)		
Personal Services	**1,171,950**	**1,171,950**
Other Operating Expense	**3,230,452**	**3,230,452**
Augmentation allowed.		
CONSUMER ASSISTANCE PROTECTION PROGRAM		
Protection Assistance Fund (IC 24-10)		

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
D. FINANCIAL MANAGEMENT			
FOR THE AUDITOR OF STATE			
Personal Services	**3,906,887**	**3,906,887**	
Other Operating Expense	**1,180,338**	**1,180,338**	
GOVERNORS' AND GOVERNORS' SURVIVING SPOUSES' PENSIONS			
Total Operating Expense	**156,428**	**156,428**	
The above appropriations for governors' and governors' surviving spouses' pensions are made under IC 4-3-3.			
FOR THE STATE BOARD OF ACCOUNTS			
Personal Services	**17,960,445**	**17,960,445**	
Other Operating Expense	**535,718**	**535,718**	
GOVERNOR ELECT			
Total Operating Expense	**0**	**40,000**	
FOR THE STATE BUDGET COMMITTEE			
Total Operating Expense	**46,007**	**46,007**	
Notwithstanding IC 4-12-1-11(b), the salary per diem of the legislative members of the budget committee is an amount equal to one hundred fifty percent (150%) of the legislative business per diem allowance. If the above appropriations are insufficient to carry out the necessary operations of the budget committee, there are hereby appropriated such further sums as may be necessary.			
FOR THE OFFICE OF MANAGEMENT AND BUDGET			
Personal Services	**896,949**	**896,949**	
Other Operating Expense	**83,375**	**83,375**	
FOR THE STATE BUDGET AGENCY			
Personal Services	**2,358,520**	**2,358,520**	
Other Operating Expense	**504,395**	**504,395**	
The agency may establish an internal service fund to perform central accounting operations.			
DEPARTMENTAL AND INSTITUTIONAL EMERGENCY CONTINGENCY FUND			
Total Operating Expense			**2,000,000**
The foregoing departmental and institutional emergency contingency fund appropriation is subject to allotment to departments, institutions, and all state agencies by the budget agency with the approval of the governor. These allocations may be made upon written request of proper officials, showing that contingencies exist that require additional funds for meeting necessary expenses. The budget committee shall be advised of each transfer request and allotment.			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
OUTSIDE BILL CONTINGENCY			
Total Operating Expense			**5,000,000**
PERSONAL SERVICES/FRINGE BENEFITS CONTINGENCY FUND			
Total Operating Expense			**89,000,000**

The foregoing personal services/fringe benefits contingency fund appropriation is subject to allotment to departments, institutions, and all state agencies by the budget agency with the approval of the governor.

The foregoing personal services/fringe benefits contingency fund appropriation may be used only for salary increases, fringe benefit increases, an employee leave conversion program, or a state retiree health program for state employees and may not be used for any other purpose.

The foregoing personal services/fringe benefits contingency fund appropriation does not revert at the end of the biennium but remains in the personal services/fringe benefits contingency fund.

RETIREE HEALTH BENEFIT TRUST FUND			
Retiree Health Benefit Trust Fund (IC 5-10-8-8.5)			
Total Operating Expense			**42,400,000**
Augmentation Allowed.			

The foregoing appropriation for the retiree health plan:
(1) is to fund employer contributions and benefits provided under IC 5-10-8.5;
(2) does not revert at the end of any state fiscal year but remains available for the purposes of the appropriation in subsequent state fiscal years; and
(3) is not subject to transfer to any other fund or to transfer, assignment, or reassignment for any other use or purpose by the state board of finance notwithstanding IC 4-9.1-1-7 and IC 4-13-2-23 or by the budget agency notwithstanding IC 4-12-1-12 or any other law.

The budget agency may transfer appropriations from federal or dedicated funds to the trust fund to accrue funds to pay benefits to employees that are not paid from the general fund.

COMPREHENSIVE HEALTH INSURANCE ASSOCIATION STATE SHARE			
Total Operating Expense			**97,700,000**
Augmentation Allowed.			
SCHOOL AND LIBRARY INTERNET CONNECTION (IC 4-34-3-2)			
Build Indiana Fund (IC 4-30-17)			
Total Operating Expense	**2,650,000**	**2,650,000**	

Of the foregoing appropriations, $1,800,000 each year shall be used for schools under IC 4-34-3-4, and $850,000 each year shall be used for libraries under IC 4-34-3-2.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
INSPIRE (IC 4-34-3-2)			
Build Indiana Fund (IC 4-30-17)			
Other Operating Expense			**2,850,000**
FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND			
PUBLIC SAFETY PENSION			
Total Operating Expense	**131,000,000**	**180,000,000**	
Augmentation Allowed.			
FOR THE TREASURER OF STATE			
Personal Services	**744,980**	**744,980**	
Other Operating Expense	**38,115**	**38,115**	

The treasurer of state, the board for depositories, the Indiana commission for higher education, and the state student assistance commission shall cooperate and provide to the Indiana education savings authority the following:

(1) Clerical and professional staff and related support.

(2) Office space and services.

(3) Reasonable financial support for the development of rules, policies, programs, and guidelines, including authority operations and travel.

E. TAX ADMINISTRATION

FOR THE DEPARTMENT OF REVENUE			
COLLECTION AND ADMINISTRATION			
From the General Fund			
	45,845,804	**45,845,804**	
From the Motor Carrier Regulation Fund (IC 8-2.1-23)			
	752,284	**752,284**	
From the Motor Vehicle Highway Account (IC 8-14-1)			
	2,319,981	**2,319,981**	
Augmentation allowed from the Motor Carrier Regulation Fund and the Motor Vehicle Highway Account.			
The amounts specified from the General Fund, Motor Carrier Regulation Fund, and the Motor Vehicle Highway Account are for the following purposes:			
Personal Services	**34,536,465**	**34,536,465**	
Other Operating Expense	**14,381,604**	**14,381,604**	

With the approval of the governor and the budget agency, the department shall annually reimburse the state general fund for expenses incurred in support of the collection of dedicated fund revenue according to the department's cost allocation plan.

With the approval of the governor and the budget agency, the foregoing sums for the department of state revenue may be augmented to an amount not exceeding in total, together with the above specific amounts, one and one-tenth percent (1.1%) of the amount of money collected by the department of state revenue from taxes and fees.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
OUTSIDE COLLECTIONS			
Total Operating Expense	**4,500,000**	**4,500,000**	

With the approval of the governor and the budget agency, the foregoing sums for the department of state revenue's outside collections may be augmented to an amount not exceeding in total, together with the above specific amounts, one and one-tenth percent (1.1%) of the amount of money collected by the department from taxes and fees.

MOTOR CARRIER REGULATION			
Motor Carrier Regulation Fund (IC 8-2.1-23)			
Personal Services	**1,591,561**	**1,591,561**	
Other Operating Expense	**2,619,734**	**2,619,734**	
Augmentation allowed from the Motor Carrier Regulation Fund.			

MOTOR FUEL TAX DIVISION			
Motor Vehicle Highway Account (IC 8-14-1)			
Personal Services	**6,624,160**	**6,624,160**	
Other Operating Expense	**738,777**	**738,777**	
Augmentation allowed from the Motor Vehicle Highway Account.			

In addition to the foregoing appropriations, there is hereby appropriated to the department of revenue motor fuel tax division an amount sufficient to pay claims for refunds on license-fee-exempt motor vehicle fuel as provided by law. The sums above appropriated from the motor vehicle highway account for the operation of the motor fuel tax division, together with all refunds for license-fee-exempt motor vehicle fuel, shall be paid from the receipts of those license fees before they are distributed as provided by IC 6-6-1.1.

FOR THE INDIANA GAMING COMMISSION

From the State Gaming Fund (IC 4-33-13-3)			
	2,883,092	**2,883,092**	
From the Gaming Investigations Fund (IC 4-33-4.5)			
	600,000	**600,000**	

The amounts specified from the state gaming fund and gaming investigations fund are for the following purposes:

Personal Services	**2,961,359**	**2,961,359**	
Other Operating Expense	**521,733**	**521,733**	

The foregoing appropriations to the Indiana gaming commission are made from revenues accruing to the state gaming fund under IC 4-33-13-3 before any distribution is made under IC 4-33-13-5.

Augmentation allowed.

The foregoing appropriations to the Indiana gaming commission are made instead of the appropriation made in IC 4-33-13-4.

FOR THE INDIANA DEPARTMENT OF GAMING RESEARCH

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Personal Services	**86,841**	**86,841**	
Other Operating Expense	**104,158**	**104,158**	

Augmentation allowed from fees accruing under IC 4-33-18-8.

FOR THE INDIANA HORSE RACING COMMISSION

Indiana Horse Racing Commission Operating Fund (IC 4-31-10-2)

Personal Services	**1,951,137**	**1,951,137**
Other Operating Expense	**282,499**	**282,499**

The foregoing appropriations to the Indiana horse racing commission are made from revenues accruing to the Indiana horse racing commission before any distribution is made under IC 4-31-9.

Augmentation allowed.

STANDARDBRED ADVISORY BOARD

Standardbred Horse Fund (IC 15-19-2-10)

Total Operating Expense	**193,500**	**193,500**

The foregoing appropriations to the standardbred advisory board are made from revenues accruing to the Indiana horse racing commission before any distribution is made under IC 4-31-9.

Augmentation allowed.

STANDARDBRED BREED DEVELOPMENT

Indiana Horse Racing Commission Operating Fund (IC 4-31-10-2)

Total Operating Expense	**12,069,149**	**12,273,985**

Augmentation allowed.

THOROUGHBRED BREED DEVELOPMENT

Indiana Horse Racing Commission Operating Fund (IC 4-31-10-2)

Total Operating Expense	**10,455,319**	**10,619,188**

Augmentation allowed.

QUARTER HORSE BREED DEVELOPMENT

Indiana Horse Racing Commission Operating Fund (IC 4-31-10-2)

Total Operating Expense	**1,363,737**	**1,385,111**

Augmentation allowed.

FINGERPRINT FEES

Indiana Horse Racing Commission Operating Fund (IC 4-31-10-2)

Total Operating Expense	**72,144**	**72,144**

Augmentation allowed.

GAMING INTEGRITY FUND - IHRC

Gaming Integrity Fund - IHRC (IC 4-35-8.7-3)

Total Operating Expense	**1,000,000**	**1,000,000**

Augmentation allowed.

FOR THE INDIANA STATE FAIR

Indiana Horse Racing Commission Operating Fund (IC 4-31-10-2)

Total Operating Expense	**1,000,000**	**1,000,000**

The above appropriation is for the support of harness racing at the state fair and

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

$250,000 for county fairs.

FOR THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Personal Services	**2,993,946**	**2,993,946**
Other Operating Expense	**867,399**	**867,399**

FOR THE INDIANA BOARD OF TAX REVIEW

Personal Services	**1,056,898**	**1,056,898**
Other Operating Expense	**61,689**	**61,689**

F. ADMINISTRATION

FOR THE DEPARTMENT OF ADMINISTRATION

Personal Services	**8,739,579**	**8,739,579**
Other Operating Expense	**15,871,101**	**15,871,101**

FOR THE STATE PERSONNEL DEPARTMENT

Personal Services	**2,933,745**	**2,933,745**
Other Operating Expense	**233,258**	**233,258**

The department may establish an internal service fund to perform the functions of the department.

FOR THE STATE EMPLOYEES APPEALS COMMISSION

Personal Services	**153,848**	**153,848**
Other Operating Expense	**10,435**	**10,435**

FOR THE OFFICE OF TECHNOLOGY

Pay Phone Fund		
Total Operating Expense	**1,600,000**	**1,600,000**
Augmentation allowed.		

The pay phone fund is established for the procurement of hardware, software, and related equipment and services needed to expand and enhance the state campus backbone and other central information technology initiatives. Such procurements may include, but are not limited to, wiring and rewiring of state offices, Internet services, video conferencing, telecommunications, application software, and related services. Notwithstanding IC 5-22-23-5, the fund consists of the net proceeds received from contracts with companies providing phone services at state institutions and other state properties. The fund shall be administered by the budget agency. Money in the fund may be spent by the office in compliance with a plan approved by the budget agency. Any money remaining in the fund at the end of any fiscal year does not revert to the general fund or any other fund but remains in the pay phone fund.

FOR THE COMMISSION ON PUBLIC RECORDS

Personal Services	**1,297,667**	**1,297,667**
Other Operating Expense	**91,837**	**91,837**

FOR THE OFFICE OF THE PUBLIC ACCESS COUNSELOR

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Personal Services	**135,937**	**135,937**	
Other Operating Expense	**2,652**	**2,652**	
FOR THE OFFICE OF FEDERAL GRANTS AND PROCUREMENT			
Total Operating Expense	**82,578**	**82,578**	
G. OTHER			
FOR THE COMMISSION ON UNIFORM STATE LAWS			
Total Operating Expense	**43,584**	**43,584**	
FOR THE OFFICE OF INSPECTOR GENERAL			
Personal Services	**1,136,347**	**1,136,347**	
Other Operating Expense	**89,790**	**89,790**	
STATE ETHICS COMMISSION			
Personal Services	**200**	**200**	
Other Operating Expense	**6,100**	**6,100**	
FOR THE SECRETARY OF STATE			
ELECTION DIVISION			
Personal Services	**757,218**	**757,218**	
Other Operating Expense	**140,534**	**140,534**	
VOTER LIST MAINTENANCE			
Total Operating Expense	**1,000,000**	**1,000,000**	

The above appropriation includes state HAVA matching funds.

H. COMMUNITY SERVICES

FOR THE GOVERNOR'S OFFICE OF FAITH BASED AND COMMUNITY INITIATIVES			
Personal Services	**169,611**	**169,611**	
Other Operating Expense	**77,358**	**77,358**	

SECTION 4. [EFFECTIVE JULY 1, 2011]

PUBLIC SAFETY

A. CORRECTION

FOR THE DEPARTMENT OF CORRECTION			
CENTRAL OFFICE			
Personal Services	**8,796,428**	**8,796,428**	
Other Operating Expense	**8,924,840**	**9,124,840**	
ESCAPEE COUNSEL AND TRIAL EXPENSE			
Other Operating Expense	**300,000**	**300,000**	
COUNTY JAIL MISDEMEANANT HOUSING			
Total Operating Expense	**4,281,071**	**4,281,071**	
ADULT CONTRACT BEDS			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**7,622,125**	**7,622,125**	
STAFF DEVELOPMENT AND TRAINING			
Personal Services	**863,181**	**863,181**	
Other Operating Expense	**97,785**	**97,785**	
PAROLE DIVISION			
Personal Services	**8,418,932**	**8,418,932**	
Other Operating Expense	**803,544**	**803,544**	
PAROLE BOARD			
Personal Services	**631,427**	**631,427**	
Other Operating Expense	**23,000**	**23,000**	
INFORMATION MANAGEMENT SERVICES			
Personal Services	**644,815**	**644,815**	
Other Operating Expense	**380,185**	**380,185**	
JUVENILE TRANSITION			
Personal Services	**647,819**	**647,819**	
Other Operating Expense	**1,079,981**	**1,079,981**	
COMMUNITY CORRECTIONS PROGRAMS			
Total Operating Expense	**34,018,114**	**34,018,114**	

The above appropriation for community corrections programs is not subject to transfer to any other fund or to transfer, assignment, or reassignment for any other use or purpose by the state board of finance notwithstanding IC 4-9.1-1-7 and IC 4-13-2-23 or by the budget agency notwithstanding IC 4-12-1-12 or any other law.

Notwithstanding IC 4-13-2-19 and any other law, the above appropriation for community corrections programs does not revert to the general fund or another fund at the close of a state fiscal year but remains available in subsequent state fiscal years for the purposes of the appropriation.

DRUG PREVENTION AND OFFENDER TRANSITION			
Total Operating Expense	**122,945**	**122,945**	

The above appropriation shall be used for minimum security release programs, transition programs, mentoring programs, and supervision of and assistance to adult and juvenile offenders to promote the successful integration of the offender into the community.

YOUTH SERVICES TRANSITIONAL SERVICES PROGRAM			
Youth Services Transitional Services Fund (IC 11-10-2-11)			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
CENTRAL EMERGENCY RESPONSE			
Personal Services	**651,931**	**651,931**	
Other Operating Expense	**94,841**	**94,841**	
MEDICAL SERVICES			
Other Operating Expense	**81,928,235**	**86,246,396**	

The above appropriations for medical services shall be used only for services that are determined to be medically necessary.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
DRUG ABUSE PREVENTION			
Drug Abuse Fund (IC 11-8-2-11)			
Total Operating Expense	**150,000**	**150,000**	

Augmentation allowed.

COUNTY JAIL MAINTENANCE CONTINGENCY FUND			
Other Operating Expense	**24,515,225**	**24,515,225**	

Disbursements from the fund shall be made for the purpose of reimbursing sheriffs for the cost of incarcerating in county jails persons convicted of felonies to the extent that such persons are incarcerated for more than five (5) days after the day of sentencing or the date upon which the department of correction receives the abstract of judgment and sentencing order, whichever occurs later, at a rate to be determined by the department of correction and approved by the state budget agency. The rate shall be based upon programming provided, and shall be no less than $30 per day and no more than $40 per day. In addition to the per diem, the state shall reimburse the sheriffs for expenses determined by the sheriff to be medically necessary medical care to the convicted persons. However, if the sheriff or county receives money with respect to a convicted person (from a source other than the county), the per diem or medical expense reimbursement with respect to the convicted person shall be reduced by the amount received. A sheriff shall not be required to comply with IC 35-38-3-4(a) or transport convicted persons within five (5) days after the day of sentencing if the department of correction does not have the capacity to receive the convicted person.

Augmentation allowed.

FOOD SERVICES			
Total Operating Expense	**37,646,381**	**39,241,198**	
EDUCATIONAL SERVICES			
Other Operating Expense	**9,483,219**	**10,483,219**	

FOR THE STATE BUDGET AGENCY			
MEDICAL SERVICE PAYMENTS			
Total Operating Expense	**25,000,000**	**25,000,000**	

These appropriations for medical service payments are made to pay for services determined to be medically necessary for committed individuals, patients and students of institutions under the jurisdiction of the department of correction, the state department of health, the division of mental health and addiction, the school for the blind and visually impaired, the school for the deaf, the division of disability and rehabilitative services, or the division of aging if the services are provided outside these institutions. These appropriations may not be used for payments for medical services that are covered by IC 12-16 unless these services have been approved under IC 12-16. These appropriations shall not be used for payment for medical services which are payable from an appropriation in this act for the state department of health, the division of mental health and addiction, the school for the blind and visually impaired, the school for the deaf, the division of disability and rehabilitative services, the division of aging, or the department

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

of correction, or that are reimbursable from funds for medical assistance under IC 12-15. If these appropriations are insufficient to make these medical service payments, there is hereby appropriated such further sums as may be necessary.

Direct disbursements from the above contingency fund are not subject to the provisions of IC 4-13-2.

FOR THE DEPARTMENT OF ADMINISTRATION		
DEPARTMENT OF CORRECTION OMBUDSMAN BUREAU		
Personal Services	**130,664**	**130,664**
Other Operating Expense	**2,330**	**2,330**
FOR THE DEPARTMENT OF CORRECTION		
INDIANA STATE PRISON		
Personal Services	**28,981,488**	**28,981,488**
Other Operating Expense	**5,683,472**	**5,683,472**
PENDLETON CORRECTIONAL FACILITY		
Personal Services	**24,824,581**	**24,824,581**
Other Operating Expense	**6,334,262**	**6,334,262**
CORRECTIONAL INDUSTRIAL FACILITY		
Personal Services	**18,553,360**	**18,553,360**
Other Operating Expense	**1,217,007**	**1,217,007**
INDIANA WOMEN'S PRISON		
Personal Services	**7,593,390**	**7,593,390**
Other Operating Expense	**1,105,819**	**1,105,819**
PUTNAMVILLE CORRECTIONAL FACILITY		
Personal Services	**26,805,320**	**26,805,320**
Other Operating Expense	**4,274,416**	**4,274,416**
WABASH VALLEY CORRECTIONAL FACILITY		
Personal Services	**33,123,957**	**33,123,957**
Other Operating Expense	**4,173,619**	**4,173,619**
INDIANAPOLIS RE-ENTRY EDUCATION FACILITY		
Personal Services	**7,774,721**	**7,774,721**
Other Operating Expense	**3,036,574**	**3,036,574**
BRANCHVILLE CORRECTIONAL FACILITY		
Personal Services	**15,758,202**	**15,758,202**
Other Operating Expense	**2,801,571**	**2,801,571**
WESTVILLE CORRECTIONAL FACILITY		
Personal Services	**40,012,355**	**40,012,355**
Other Operating Expense	**6,037,799**	**6,037,799**
ROCKVILLE CORRECTIONAL FACILITY FOR WOMEN		
Personal Services	**13,240,372**	**13,240,372**
Other Operating Expense	**1,835,299**	**1,835,299**
PLAINFIELD CORRECTIONAL FACILITY		
Personal Services	**18,676,247**	**18,676,247**
Other Operating Expense	**1,969,839**	**1,969,839**
RECEPTION AND DIAGNOSTIC CENTER		
Personal Services	**11,479,798**	**11,479,798**
Other Operating Expense	**585,216**	**585,216**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
MIAMI CORRECTIONAL FACILITY			
Personal Services	**27,662,927**	**27,662,927**	
Other Operating Expense	**4,578,473**	**4,578,473**	
NEW CASTLE CORRECTIONAL FACILITY			
Other Operating Expense	**34,150,948**	**34,833,967**	
TITLE XX WR - SOUTH BEND WORK RELEASE CENTER			
General Fund			
Total Operating Expense	**1,163,599**	**1,163,599**	
Work Release - Study Release Special Revenue Fund (IC 11-10-8-6.5)			
Total Operating Expense	**350,000**	**350,000**	
Augmentation allowed from Work Release - Study Release Special Revenue Fund.			
TITLE XX WR - WOMEN'S INDIANAPOLIS			
General Fund			
Total Operating Expense	**577,664**	**577,664**	
Work Release - Study Release Special Revenue Fund (IC 11-10-8-6.5)			
Total Operating Expense	**350,000**	**350,000**	
Augmentation allowed from Work Release - Study Release Special Revenue Fund.			
HENRYVILLE CORRECTIONAL FACILITY			
Personal Services	**2,251,837**	**2,251,837**	
Other Operating Expense	**267,720**	**267,720**	
CHAIN O' LAKES CORRECTIONAL FACILITY			
Personal Services	**2,002,308**	**2,002,308**	
Other Operating Expense	**269,366**	**269,366**	
MADISON CORRECTIONAL FACILITY			
Personal Services	**6,319,714**	**6,319,714**	
Other Operating Expense	**961,836**	**961,836**	
EDINBURGH CORRECTIONAL FACILITY			
Personal Services	**3,476,501**	**3,476,501**	
Other Operating Expense	**346,447**	**346,447**	
SOUTH BEND JUVENILE CORRECTIONAL FACILITY			
Personal Services	**4,578,978**	**4,578,978**	
Other Operating Expense	**2,561,289**	**2,561,289**	
NORTH CENTRAL JUVENILE CORRECTIONAL FACILITY			
Personal Services	**9,673,791**	**9,673,791**	
Other Operating Expense	**1,162,858**	**1,162,858**	
CAMP SUMMIT			
Personal Services	**3,452,379**	**3,452,379**	
Other Operating Expense	**180,255**	**180,255**	
PENDLETON JUVENILE CORRECTIONAL FACILITY			
Personal Services	**14,334,347**	**14,334,347**	
Other Operating Expense	**1,191,866**	**1,191,866**	
MADISON JUVENILE CORRECTIONAL FACILITY			
Personal Services	**4,847,257**	**4,847,257**	
Other Operating Expense	**417,141**	**417,141**	

B. LAW ENFORCEMENT

FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

From the General Fund
43,849,585 43,849,585
From the Motor Vehicle Highway Account (IC 8-14-1)
76,487,626 76,487,626
From the Motor Carrier Regulation Fund (IC 8-2.1-23)
4,235,471 4,235,471
Augmentation allowed from the general fund, the motor vehicle highway account, and the motor carrier regulation fund.

The amounts specified from the General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund are for the following purposes:

Personal Services	**103,652,441**	**103,652,441**
Other Operating Expense	**20,920,241**	**20,920,241**

The above appropriations for personal services and other operating expense include funds to continue the state police minority recruiting program.

The foregoing appropriations for the Indiana state police and motor carrier inspection include funds for the police security detail to be provided to the Indiana state fair board. However, amounts actually expended to provide security for the Indiana state fair board as determined by the budget agency shall be reimbursed by the Indiana state fair board to the state general fund.

INDIANA INTELLIGENCE FUSION CENTER		
Total Operating Expense	**823,864**	**823,864**
ODOMETER FRAUD INVESTIGATION		
Motor Vehicle Odometer Fund (IC 9-29-1-5)		
Total Operating Expense	**50,000**	**50,000**
Augmentation allowed.		
STATE POLICE TRAINING		
State Police Training Fund (IC 5-2-8-5)		
Total Operating Expense	**500,698**	**500,698**
Augmentation allowed.		

FORENSIC AND HEALTH SCIENCES LABORATORIES
From the General Fund
3,616,706 3,616,706
From the Motor Carrier Regulation Fund (IC 8-2.1-23)
349,341 349,341
From the Motor Vehicle Highway Account (IC 8-14-1)
6,308,687 6,308,687
Augmentation allowed from the general fund, the motor vehicle highway account, and the motor carrier regulation fund.

The amounts specified from the General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund are for the following purposes:

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Personal Services	**9,677,503**	**9,677,503**	
Other Operating Expense	**597,231**	**597,231**	
ENFORCEMENT AID			
General Fund			
Total Operating Expense	**38,536**	**38,536**	
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**38,537**	**38,537**	

The above appropriations for enforcement aid are to meet unforeseen emergencies of a confidential nature. They are to be expended under the direction of the superintendent and to be accounted for solely on the superintendent's authority.

PENSION FUND			
General Fund			
Total Operating Expense	**6,184,606**	**6,184,606**	
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**6,184,608**	**6,184,608**	

The above appropriations shall be paid into the state police pension fund provided for in IC 10-12-2 in twelve (12) equal installments on or before July 30 and on or before the 30th of each succeeding month thereafter.

BENEFIT FUND			
General Fund			
Total Operating Expense	**1,713,151**	**1,713,151**	
Augmentation allowed.			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**1,713,151**	**1,713,151**	
Augmentation allowed.			

All benefits to members shall be paid by warrant drawn on the treasurer of state by the auditor of state on the basis of claims filed and approved by the trustees of the state police pension and benefit funds created by IC 10-12-2.

SUPPLEMENTAL PENSION			
General Fund			
Total Operating Expense	**2,171,723**	**2,171,723**	
Augmentation allowed.			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**2,171,723**	**2,171,723**	
Augmentation allowed.			

If the above appropriations for supplemental pension for any one (1) year are greater than the amount actually required under the provisions of IC 10-12-5, then the excess shall be returned proportionately to the funds from which the appropriations were made. If the amount actually required under IC 10-12-5 is greater than the above appropriations, then, with the approval of the governor and the budget agency, those sums may be augmented from the general fund and the motor vehicle highway account.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
ACCIDENT REPORTING			
Accident Report Account (IC 9-29-11-1)			
Total Operating Expense	**25,500**	**25,500**	
Augmentation allowed.			
DRUG INTERDICTION			
Drug Interdiction Fund (IC 10-11-7)			
Total Operating Expense	**215,000**	**215,000**	
Augmentation allowed.			
DNA SAMPLE PROCESSING FUND			
DNA Sample Processing Fund (IC 10-13-6-9.5)			
Total Operating Expense	**1,327,777**	**1,327,777**	
Augmentation allowed.			
AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM			
Fingerprint Identification Fund (IC 10-13-3-28)			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
FOR THE INTEGRATED PUBLIC SAFETY COMMISSION			
PROJECT SAFE-T			
Integrated Public Safety Communications Fund (IC 5-26-4-1)			
Total Operating Expense	**12,042,700**	**12,042,700**	
Augmentation allowed.			
FOR THE ADJUTANT GENERAL			
Personal Services	**5,114,386**	**5,114,386**	
Other Operating Expense	**3,666,380**	**3,666,380**	
CAMP ATTERBURY MUSCATATUCK CENTER FOR COMPLEX OPERATIONS			
Personal Services	**543,775**	**543,775**	
Other Operating Expense	**319,476**	**319,476**	
DISABLED SOLDIERS' PENSION			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
MUTC - MUSCATATUCK URBAN TRAINING CENTER			
Total Operating Expense	**1,178,870**	**1,178,870**	
HOOSIER YOUTH CHALLENGE ACADEMY			
General Fund			
Total Operating Expense	**1,800,000**	**1,800,000**	
State Armory Board Fund (IC 10-16-3-2)			
Total Operating Expense	**300,000**	**300,000**	
Augmentation allowed.			
GOVERNOR'S CIVIL AND MILITARY CONTINGENCY FUND			
Total Operating Expense			**245,370**

The above appropriations for the governor's civil and military contingency fund are made under IC 10-16-11-1.

FOR THE CRIMINAL JUSTICE INSTITUTE

ADMINISTRATIVE MATCH

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**427,253**	**427,253**	
DRUG ENFORCEMENT MATCH			
Total Operating Expense	**1,003,664**	**1,003,664**	

To facilitate the duties of the Indiana criminal justice institute as outlined in IC 5-2-6-3, the above appropriation is not subject to the provisions of IC 4-9.1-1-7 when used to support other state agencies through the awarding of state match dollars.

SSBG - CRIMINAL JUSTICE INSTITUTE			
Total Operating Expense	**636,763**	**636,763**	
VICTIM AND WITNESS ASSISTANCE FUND			
Victim and Witness Assistance Fund (IC 5-2-6-14)			
Total Operating Expense	**798,828**	**798,828**	
Augmentation allowed.			
ALCOHOL AND DRUG COUNTERMEASURES			
Alcohol and Drug Countermeasures Fund (IC 9-27-2-11)			
Total Operating Expense	**348,211**	**348,211**	
Augmentation allowed.			
STATE DRUG FREE COMMUNITIES FUND			
State Drug Free Communities Fund (IC 5-2-10-2)			
Total Operating Expense	**526,585**	**526,585**	
Augmentation allowed.			
INDIANA SAFE SCHOOLS			
General Fund			
Total Operating Expense	**1,129,216**	**1,129,216**	
Indiana Safe Schools Fund (IC 5-2-10.1-2)			
Total Operating Expense	**692,100**	**692,100**	
Augmentation allowed from Indiana Safe Schools Fund.			

Of the above appropriations for the Indiana safe schools program, $1,071,316 is appropriated annually to provide grants to school corporations for school safe haven programs, emergency preparedness programs, and school safety programs, and $750,000 is appropriated annually for use in providing training to school safety specialists.

CHILD RESTRAINT SYSTEM FUND			
Child Restraint System Account (IC 9-19-11-9)			
Total Operating Expense	**100,000**	**100,000**	
COMMUNITY DRIVER TRAINING SCHOOLS & INSTRUCTION			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**63,675**	**63,675**	
Augmentation allowed.			
OFFICE OF TRAFFIC SAFETY			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**523,333**	**523,333**	
Augmentation allowed.			

The above appropriation for the office of traffic safety is from the motor vehicle highway account and may be used to cover the state match requirement for this

program according to the current highway safety plan approved by the governor and the budget agency.

SEXUAL ASSAULT VICTIMS' ASSISTANCE

Sexual Assault Victims' Assistance Account (IC 5-2-6-23(h))		
Total Operating Expense	**49,000**	**49,000**

Augmentation allowed. The full amount of the above appropriations shall be distributed to rape crisis centers in Indiana without any deduction of personal services or other operating expenses of any state agency.

VICTIMS OF VIOLENT CRIME ADMINISTRATION

Violent Crime Victims Compensation Fund (IC 5-2-6.1-40)		
Personal Services	**61,586**	**61,586**
Other Operating Expense	**2,500,414**	**2,500,414**

Augmentation allowed.

DOMESTIC VIOLENCE PREVENTION AND TREATMENT

General Fund		
Total Operating Expense	**1,097,252**	**1,097,252**
Social Services Block Grant		
Total Operating Expense	**636,672**	**636,672**
Domestic Violence Prevention and Treatment Fund (IC 5-2-6.7-4)		
Total Operating Expense	**1,115,590**	**1,115,590**

Augmentation allowed.

FOR THE CORONERS TRAINING BOARD

Coroners Training and Continuing Education Fund (IC 4-23-6.5-8)		
Total Operating Expense	**400,000**	**400,000**

Augmentation allowed.

FOR THE LAW ENFORCEMENT TRAINING ACADEMY

From the General Fund		
	1,862,289	**1,862,289**
From the Law Enforcement Training Fund (IC 5-2-1-13(b))		
	2,220,052	**2,220,052**

Augmentation allowed from the Law Enforcement Training Fund.

The amounts specified from the General Fund and the Law Enforcement Training Fund are for the following purposes:

Personal Services	**3,026,606**	**3,026,606**
Other Operating Expense	**1,055,735**	**1,055,735**

C. REGULATORY AND LICENSING

FOR THE BUREAU OF MOTOR VEHICLES

Motor Vehicle Highway Account (IC 8-14-1)		
Personal Services	**15,143,709**	**15,143,709**
Other Operating Expense	**15,795,694**	**15,795,694**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Augmentation allowed.			
LICENSE PLATES			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**9,210,000**	**14,059,500**	
Augmentation allowed.			
FINANCIAL RESPONSIBILITY COMPLIANCE VERIFICATION			
Financial Responsibility Compliance Verification Fund (IC 9-25-9-7)			
Total Operating Expense	**6,571,932**	**6,571,932**	
Augmentation allowed.			
STATE MOTOR VEHICLE TECHNOLOGY			
State Motor Vehicle Technology Fund (IC 9-29-16-1)			
Total Operating Expense	**5,261,692**	**5,261,692**	
Augmentation allowed.			
MOTORCYCLE OPERATOR SAFETY EDUCATION PROGRAM			
Motorcycle Operator Safety Education Fund (IC 8-14-1)			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
FOR THE DEPARTMENT OF LABOR			
Personal Services	**700,954**	**700,954**	
Other Operating Expense	**77,241**	**77,241**	
BUREAU OF MINES AND MINING			
Personal Services	**92,074**	**157,130**	
Other Operating Expense	**17,692**	**24,542**	
M.I.S. RESEARCH AND STATISTICS			
Total Operating Expense	**98,663**	**98,663**	
OCCUPATIONAL SAFETY AND HEALTH			
Total Operating Expense	**1,920,000**	**1,920,000**	

The above appropriations for occupational safety and health and M.I.S. research and statistics reflect only the general fund portion of the total program costs of the Indiana occupational safety and health plan as approved by the U.S. Department of Labor. It is the intention of the General Assembly that the Indiana department of labor make application to the federal government for the federal share of the total program costs.

EMPLOYMENT OF YOUTH			
Employment of Youth Fund (IC 20-33-3-42)			
Total Operating Expense	**167,826**	**167,826**	
Augmentation allowed.			
INSAFE			
Special Fund for Safety and Health Consultation Services (IC 22-8-1.1-48)			
Total Operating Expense	**182,206**	**182,206**	
Augmentation allowed.			
FOR THE DEPARTMENT OF INSURANCE			
Department of Insurance Fund (IC 27-1-3-28)			
Personal Services	**4,524,795**	**4,524,795**	
Other Operating Expense	**1,011,813**	**1,011,813**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Augmentation allowed.			
BAIL BOND DIVISION			
Bail Bond Enforcement and Administration Fund (IC 27-10-5-1)			
Personal Services	**178,008**	**178,008**	
Other Operating Expense	**2,421**	**2,421**	
Augmentation allowed.			
PATIENT'S COMPENSATION AUTHORITY			
Patient's Compensation Fund (IC 34-18-6-1)			
Personal Services	**560,123**	**560,123**	
Other Operating Expense	**1,001,331**	**1,001,331**	
Augmentation allowed.			
POLITICAL SUBDIVISION RISK MANAGEMENT			
Political Subdivision Risk Management Fund (IC 27-1-29-10)			
Personal Services	**7,200**	**7,200**	
Other Operating Expense	**61,814**	**61,814**	
Augmentation allowed.			
MINE SUBSIDENCE INSURANCE			
Mine Subsidence Insurance Fund (IC 27-7-9-7)			
Personal Services	**43,271**	**43,271**	
Other Operating Expense	**630,260**	**630,260**	
Augmentation allowed.			
TITLE INSURANCE ENFORCEMENT OPERATING			
Title Insurance Enforcement Fund (IC 27-7-3.6-1)			
Personal Services	**321,355**	**321,355**	
Other Operating Expense	**47,936**	**47,936**	
Augmentation allowed.			
FOR THE ALCOHOL AND TOBACCO COMMISSION			
Enforcement and Administration Fund (IC 7.1-4-10-1)			
Personal Services	**8,536,701**	**8,536,701**	
Other Operating Expense	**1,470,857**	**1,470,857**	
Augmentation allowed.			
ALCOHOLIC BEVERAGE ENFORCEMENT OFFICERS' TRAINING			
Alcoholic Beverage Enforcement Officers' Training Fund (IC 5-2-8-8)			
Total Operating Expense	**1,645**	**1,645**	
Augmentation allowed.			
YOUTH TOBACCO EDUCATION AND ENFORCEMENT			
Youth Tobacco Education and Enforcement Fund (IC 7.1-6-2-6)			
Total Operating Expense	**147,000**	**147,000**	
Augmentation allowed.			
FOR THE DEPARTMENT OF FINANCIAL INSTITUTIONS			
Financial Institutions Fund (IC 28-11-2-9)			
Personal Services	**6,273,866**	**6,273,866**	
Other Operating Expense	**1,368,083**	**1,408,083**	
Augmentation allowed.			
FOR THE PROFESSIONAL LICENSING AGENCY			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Personal Services	**4,456,461**	**4,456,461**	
Other Operating Expense	**526,517**	**526,517**	
PRENEED CONSUMER PROTECTION			
Preneed Consumer Protection Fund (IC 30-2-13-28)			
Total Operating Expense	**50,000**	**50,000**	
Augmentation allowed.			
BOARD OF FUNERAL AND CEMETERY SERVICE			
Funeral Service Education Fund (IC 25-15-9-13)			
Total Operating Expense	**4,250**	**4,250**	
Augmentation allowed.			
DENTAL PROFESSION INVESTIGATION AND ENFORCEMENT			
Dental Compliance Fund (IC 25-14-1-3.7)			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
PHYSICIAN INVESTIGATION AND ENFORCEMENT			
Physician Compliance Fund (IC 25-22.5-2-8)			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
FOR THE CIVIL RIGHTS COMMISSION			
Personal Services	**1,651,850**	**1,651,850**	
Other Operating Expense	**207,036**	**207,036**	

The above appropriation for the Indiana civil rights commission reflects only the general fund portion of the total program costs for the processing of employment and housing discrimination complaints. It is the intention of the General Assembly that the commission make application to the federal government for funding based upon the processing of employment and housing discrimination complaints.

MARTIN LUTHER KING JR. HOLIDAY COMMISSION			
Total Operating Expense	**20,000**	**20,000**	
FOR THE UTILITY CONSUMER COUNSELOR			
Public Utility Fund (IC 8-1-6-1)			
Personal Services	**4,705,037**	**4,705,037**	
Other Operating Expense	**718,125**	**720,831**	
Augmentation allowed.			
EXPERT WITNESS FEES AND AUDIT			
Public Utility Fund (IC 8-1-6-1)			
Total Operating Expense			**1,704,000**
Augmentation allowed.			
FOR THE UTILITY REGULATORY COMMISSION			
Public Utility Fund (IC 8-1-6-1)			
Personal Services	**6,541,453**	**6,541,453**	
Other Operating Expense	**1,800,652**	**1,800,652**	
Augmentation allowed.			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
FOR THE WORKER'S COMPENSATION BOARD			
From the General Fund			
	1,801,538	**1,801,538**	
From the Worker's Compensation Supplemental Administrative Fund (IC 22-3-5-6)			
	145,007	**145,007**	
Augmentation allowed.			
The amounts specified from the general fund and the workers' compensation supplemental administrative fund are for the following purposes:			
Personal Services	**1,853,570**	**1,853,570**	
Other Operating Expense	**92,975**	**92,975**	
FOR THE STATE BOARD OF ANIMAL HEALTH			
Personal Services	**3,854,067**	**3,854,067**	
Other Operating Expense	**438,694**	**438,694**	
INDEMNITY FUND			
Total Operating Expense			**4,000**
Augmentation allowed.			
MEAT & POULTRY INSPECTION			
Total Operating Expense	**1,545,698**	**1,545,698**	
FOR THE DEPARTMENT OF HOMELAND SECURITY			
FIRE AND BUILDING SERVICES			
Fire and Building Services Fund (IC 22-12-6-1)			
Personal Services	**12,153,762**	**12,153,762**	
Other Operating Expense	**1,084,450**	**1,084,450**	
Augmentation allowed.			
REGIONAL PUBLIC SAFETY TRAINING			
Regional Public Safety Training Fund (IC 10-15-3-12)			
Total Operating Expense	**1,617,274**	**1,617,274**	
Augmentation allowed.			
EMERGENCY MANAGEMENT CONTINGENCY FUND			
Total Operating Expense	**121,645**	**121,645**	
The above appropriations for the emergency management contingency fund are made under IC 10-14-3-28.			
PUBLIC ASSISTANCE			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
HOMELAND SECURITY FUND - FOUNDATION			
Homeland Security Fund (IC 10-15-3-1)			
Total Operating Expense	**329,956**	**329,956**	
Augmentation allowed.			
INDIANA EMERGENCY RESPONSE COMMISSION			
Emergency Planning and Right to Know Fund (IC 6-6-10-5)			
Total Operating Expense	**75,892**	**75,892**	
Augmentation allowed.			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
STATE DISASTER RELIEF FUND			
State Disaster Relief Fund (IC 10-14-4-5)			
Total Operating Expense	**500,000**	**500,000**	
Augmentation allowed, not to exceed revenues collected from the public safety fee imposed by IC 22-11-14-12.			
Augmentation allowed from the general fund to match federal disaster relief funds.			
REDUCED IGNITION PROPENSITY STANDARDS FOR CIGARETTES FUND			
Reduced Ignition Propensity Standards for Cigarettes Fund (IC 22-14-7-22(a))			
Total Operating Expense	**32,547**	**32,547**	
Augmentation allowed.			
STATEWIDE FIRE AND BUILDING SAFETY EDUCATION FUND			
Statewide Fire and Building Safety Education Fund (IC 22-12-6-3)			
Total Operating Expense	**104,250**	**104,250**	
Augmentation allowed.			
SECTION 5. [EFFECTIVE JULY 1, 2011]			
CONSERVATION AND ENVIRONMENT			
A. NATURAL RESOURCES			
FOR THE DEPARTMENT OF NATURAL RESOURCES - ADMINISTRATION			
Personal Services	**6,708,757**	**6,708,757**	
Other Operating Expense	**1,335,828**	**1,335,828**	
ENTOMOLOGY AND PLANT PATHOLOGY DIVISION			
Personal Services	**357,973**	**357,973**	
Other Operating Expense	**78,835**	**78,835**	
ENTOMOLOGY AND PLANT PATHOLOGY FUND			
Entomology and Plant Pathology Fund (IC 14-24-10-3)			
Total Operating Expense			**658,660**
Augmentation allowed.			
ENGINEERING DIVISION			
Personal Services	**1,522,685**	**1,522,685**	
Other Operating Expense	**76,711**	**76,711**	
STATE MUSEUM			
Personal Services	**4,414,195**	**4,414,195**	
Other Operating Expense	**881,643**	**881,643**	
HISTORIC PRESERVATION DIVISION			
Personal Services	**420,037**	**420,037**	
Other Operating Expense	**54,640**	**54,640**	
HISTORIC PRESERVATION - FEDERAL			
Total Operating Expense	**227,076**	**227,076**	
DHPA DEDICATED			
Total Operating Expense	**27,675**	**27,675**	
STATE HISTORIC SITES			
Personal Services	**2,241,939**	**2,241,939**	
Other Operating Expense	**223,332**	**223,332**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
LINCOLN PRODUCTION			
Total Operating Expense	**220,000**	**220,000**	
WABASH RIVER HERITAGE CORRIDOR			
Wabash River Heritage Corridor Fund (IC 14-13-6-23)			
Total Operating Expense	**21,950**	**21,950**	
OUTDOOR RECREATION DIVISION			
Personal Services	**450,382**	**450,382**	
Other Operating Expense	**22,980**	**22,980**	
OUTDOOR RECREATION DISTRIBUTION			
Total Operating Expense	**86,511**	**86,511**	
NATURE PRESERVES DIVISION			
Personal Services	**767,313**	**767,313**	
Other Operating Expense	**21,789**	**21,789**	
NATURE PRESERVES - FEDERAL			
Total Operating Expense	**10,000**	**10,000**	
WATER DIVISION			
Personal Services	**3,684,274**	**3,684,274**	
Other Operating Expense	**347,634**	**347,634**	

All revenues accruing from state and local units of government and from private utilities and industrial concerns as a result of water resources study projects, and as a result of topographic and other mapping projects, shall be deposited into the state general fund, and such receipts are hereby appropriated, in addition to the foregoing amounts, for water resources studies.

WATER - FEDERAL			
Total Operating Expense	**67,500**	**67,500**	
DEER RESEARCH AND MANAGEMENT			
Deer Research and Management Fund (IC 14-22-5-2)			
Total Operating Expense	**131,458**	**131,458**	
Augmentation allowed.			
OIL AND GAS DIVISION			
Oil and Gas Fund (IC 6-8-1-27)			
Personal Services	**1,181,127**	**1,181,127**	
Other Operating Expense	**149,485**	**149,485**	
Augmentation allowed.			
ENVIRONMENTAL PROTECTION AGENCY - INDIANA DEPT. OF NATURAL RESOURCES			
Oil and Gas Fund (IC 6-8-1-27)			
Total Operating Expense	**309,016**	**309,016**	
Augmentation allowed.			
STATE PARKS AND RESERVOIRS			
From the General Fund			
	9,622,431	**9,622,431**	
From the State Parks and Reservoirs Special Revenue Fund (IC 14-19-8-2)			
	23,884,975	**23,884,975**	
Augmentation allowed from the State Parks and Reservoirs Special Revenue Fund.			

The amounts specified from the General Fund and the State Parks and Reservoirs Special Revenue Fund are for the following purposes:

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Personal Services	**23,515,587**	**23,515,587**	
Other Operating Expense	**9,991,819**	**9,991,819**	

ACID MINE DRAINAGE ABATEMENT AND TREATMENT
Acid Mine Abatement and Treatment Fund (IC 14-34-19-1.3)

Total Operating Expense	**1**	**1**	

Augmentation allowed.

OFF-ROAD VEHICLE AND SNOWMOBILE FUND
Off-Road Vehicle and Snowmobile Fund (IC 14-16-1-30)

Total Operating Expense	**330,176**	**330,176**	

Augmentation allowed.

NATURAL RECREATION TRAILS
Off-Road Vehicle and Snowmobile Fund (IC 14-16-1-30)

Total Operating Expense	**100,000**	**100,000**	

Augmentation allowed.

LAW ENFORCEMENT DIVISION
From the General Fund

	8,446,236	**8,446,236**	

From the Fish and Wildlife Fund (IC 14-22-3-2)

	11,967,270	**11,967,270**	

Augmentation allowed from the Fish and Wildlife Fund.

The amounts specified from the General Fund and the Fish and Wildlife Fund are for the following purposes:

Personal Services	**17,741,091**	**17,741,091**	
Other Operating Expense	**2,672,415**	**2,672,415**	

FISH AND WILDLIFE DIVISION
Fish and Wildlife Fund (IC 14-22-3-2)

Personal Services	**6,274,299**	**6,274,299**	
Other Operating Expense	**2,551,967**	**2,551,967**	

Augmentation allowed.

DEPARTMENT OF THE INTERIOR - FISH AND WILDLIFE
Deer Research and Management Fund (IC 14-22-5-2)

Total Operating Expense	**39,000**	**39,000**	

Fish and Wildlife Fund (IC 14-22-3-2)

Total Operating Expense	**1,183,772**	**1,183,772**	

Augmentation allowed.

NONGAME FUND - FEDERAL
Nongame Fund (IC 14-22-34-20)

Total Operating Expense	**168,750**	**168,750**	

Augmentation allowed.

FORESTRY DIVISION
From the General Fund

	4,114,649	**4,114,649**	

From the State Forestry Fund (IC 14-23-3-2)

	4,874,334	**4,874,334**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Augmentation allowed from the State Forestry Fund.			
The amounts specified from the General Fund and the State Forestry Fund are for the following purposes:			
Personal Services	**7,288,922**	**7,288,922**	
Other Operating Expense	**1,700,061**	**1,700,061**	
FORESTRY GRANTS			
General Fund			
Total Operating Expense	**100,000**	**100,000**	
Entomology and Plant Pathology Fund (IC 14-24-10-3)			
Total Operating Expense	**50,000**	**50,000**	
Augmentation allowed.			
State Forestry Fund (IC 14-23-3-2)			
Total Operating Expense	**500,000**	**500,000**	
Augmentation allowed.			
RECLAMATION DIVISION			
Natural Resources Reclamation Division Fund (IC 14-34-14-2)			
Total Operating Expense	**47,653**	**47,653**	
Augmentation allowed.			
In addition to any of the foregoing appropriations for the department of natural resources, any federal funds received by the state of Indiana for support of approved outdoor recreation projects for planning, acquisition, and development under the provisions of the federal Land and Water Conservation Fund Act, P.L.88-578, are appropriated for the uses and purposes for which the funds were paid to the state, and shall be distributed by the department of natural resources to state agencies and other governmental units in accordance with the provisions under which the funds were received.			
DEPARTMENT OF THE INTERIOR - INDIANA DEPARTMENT OF NATURAL RESOURCES			
General Fund			
Total Operating Expense	**70,000**	**70,000**	
Natural Resources Reclamation Division Fund (IC 14-34-14-2)			
Total Operating Expense	**1,554,488**	**1,554,488**	
Augmentation allowed.			
LAKE MICHIGAN COASTAL PROGRAM			
Cigarette Tax Fund (IC 6-7-1-29.1)			
Total Operating Expense	**3,879**	**3,879**	
Augmentation allowed.			
LAKE MICHIGAN COASTAL PROGRAM - FEDERAL			
Cigarette Tax Fund (IC 6-7-1-29.1)			
Total Operating Expense	**117,062**	**117,062**	
Augmentation allowed.			
LAKE AND RIVER ENHANCEMENT			
Lake and River Enhancement Fund (IC 6-6-11-12.5)			
Total Operating Expense			**4,587,938**
Augmentation allowed.			
HERITAGE TRUST			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
General Fund			
Total Operating Expense	**100,000**	**100,000**	
Indiana Heritage Trust Fund (IC 14-12-2-25)			
Total Operating Expense	**1,000,000**	**1,000,000**	
Augmentation allowed.			
INSTITUTIONAL ROAD CONSTRUCTION			
State Highway Fund (IC 8-23-9-54)			
Total Operating Expense	**2,500,000**	**2,500,000**	

The above appropriation for institutional road construction may be used for road and bridge construction, relocation, and other related improvement projects at state-owned properties managed by the department of natural resources.

B. OTHER NATURAL RESOURCES

FOR THE WORLD WAR MEMORIAL COMMISSION

Personal Services	**635,632**	**635,632**	
Other Operating Expense	**246,513**	**246,513**	

All revenues received as rent for space in the buildings located at 777 North Meridian Street and 700 North Pennsylvania Street, in the city of Indianapolis, that exceed the costs of operation and maintenance of the space rented, shall be paid into the general fund. The American Legion shall provide for the complete maintenance of the interior of these buildings.

FOR THE WHITE RIVER PARK COMMISSION

Total Operating Expense	**814,445**	**814,445**	

FOR THE MAUMEE RIVER BASIN COMMISSION

Total Operating Expense	**57,509**	**57,509**	

FOR THE ST. JOSEPH RIVER BASIN COMMISSION

Total Operating Expense	**57,509**	**57,509**	

FOR THE KANKAKEE RIVER BASIN COMMISSION

Total Operating Expense	**57,509**	**57,509**	

C. ENVIRONMENTAL MANAGEMENT

FOR THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

ADMINISTRATION			
From the General Fund			
	3,038,302	**3,038,302**	
From the State Solid Waste Management Fund (IC 13-20-22-2)			
	67,347	**67,347**	
From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)			
	58,226	**58,226**	
From the Waste Tire Management Fund (IC 13-20-13-8)			
	102,842	**102,842**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)			
	648,285	**648,285**	
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)			
	616,683	**616,683**	
From the Environmental Management Special Fund (IC 13-14-12-1)			
	89,272	**89,272**	
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
	181,422	**181,422**	
From the Asbestos Trust Fund (IC 13-17-6-3)			
	23,393	**23,393**	
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)			
	52,290	**52,290**	
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)			
	1,784,032	**1,784,032**	
Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund.			

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**4,853,930**	**4,853,930**
Other Operating Expense	**1,808,164**	**1,808,164**

LABORATORY CONTRACTS

Environmental Management Special Fund (IC 13-14-12-1)		
Total Operating Expense	**392,236**	**392,236**
Augmentation allowed.		
Hazardous Substances Response Trust Fund (IC 13-25-4-1)		
Total Operating Expense	**170,609**	**170,609**
Augmentation allowed.		

OWQ LABORATORY CONTRACTS

Environmental Management Special Fund (IC 13-14-12-1)		
Total Operating Expense	**289,399**	**289,399**
Augmentation allowed.		
Hazardous Substances Response Trust Fund (IC 13-25-4-1)		
Total Operating Expense	**675,266**	**675,266**
Augmentation allowed.		

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

NORTHWEST REGIONAL OFFICE

From the General Fund

284,188 284,188

From the State Solid Waste Management Fund (IC 13-20-22-2)

6,231 6,231

From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)

5,388 5,388

From the Waste Tire Management Fund (IC 13-20-13-8)

11,151 11,151

From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

132,626 132,626

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

63,930 63,930

From the Environmental Management Special Fund (IC 13-14-12-1)

9,921 9,921

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

21,477 21,477

From the Asbestos Trust Fund (IC 13-17-6-3)

4,786 4,786

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

6,819 6,819

Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund are for the following purposes:

Personal Services	**274,099**	**274,099**
Other Operating Expense	**272,418**	**272,418**

NORTHERN REGIONAL OFFICE

From the General Fund

178,684 178,684

From the State Solid Waste Management Fund (IC 13-20-22-2)

7,559 7,559

From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)

6,533 6,533

From the Waste Tire Management Fund (IC 13-20-13-8)

11,378 11,378

From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

111,458 111,458

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
69,472 69,472
From the Environmental Management Special Fund (IC 13-14-12-1)
10,677 10,677
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
19,993 19,993
From the Asbestos Trust Fund (IC 13-17-6-3)
4,021 4,021
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
5,669 5,669
Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund are for the following purposes:

Personal Services	**218,829**	**218,829**
Other Operating Expense	**206,615**	**206,615**

SOUTHEAST REGIONAL OFFICE
From the General Fund
109,321 109,321
From the State Solid Waste Management Fund (IC 13-20-22-2)
11,879 11,879
From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)
10,269 10,269
From the Waste Tire Management Fund (IC 13-20-13-8)
14,406 14,406
From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)
49,392 49,392
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
46,757 46,757
From the Environmental Management Special Fund (IC 13-14-12-1)
8,517 8,517
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
16,297 16,297
From the Asbestos Trust Fund (IC 13-17-6-3)
1,780 1,780
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
4,693 4,693
Augmentation allowed from the State Solid Waste Management Fund, Indiana

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund are for the following purposes:

Personal Services	**207,235**	**207,235**
Other Operating Expense	**66,076**	**66,076**

SOUTHWEST REGIONAL OFFICE

From the General Fund

134,215 134,215

From the State Solid Waste Management Fund (IC 13-20-22-2)

14,583 14,583

From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)

12,608 12,608

From the Waste Tire Management Fund (IC 13-20-13-8)

17,686 17,686

From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

60,639 60,639

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

57,406 57,406

From the Environmental Management Special Fund (IC 13-14-12-1)

10,456 10,456

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

20,008 20,008

From the Asbestos Trust Fund (IC 13-17-6-3)

2,185 2,185

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

5,764 5,764

Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

Tank Trust Fund are for the following purposes:

Personal Services	**201,928**	**201,928**
Other Operating Expense	**133,622**	**133,622**

LEGAL AFFAIRS

From the General Fund

561,625 561,625

From the Waste Tire Management Fund (IC 13-20-13-8)

9,302 9,302

From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

247,167 247,167

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

181,134 181,134

From the Environmental Management Special Fund (IC 13-14-12-1)

22,230 22,230

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

41,995 41,995

From the Asbestos Trust Fund (IC 13-17-6-3)

8,917 8,917

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

11,284 11,284

From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)

384,939 384,939

Augmentation allowed from the Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**1,106,236**	**1,106,236**
Other Operating Expense	**362,357**	**362,357**

INVESTIGATIONS

From the General Fund

154,870 154,870

From the State Solid Waste Management Fund (IC 13-20-22-2)

5,924 5,924

From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)

5,122 5,122

From the Waste Tire Management Fund (IC 13-20-13-8)

13,926 13,926

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From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

	51,790	51,790

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

	74,615	74,615

From the Environmental Management Special Fund (IC 13-14-12-1)

	9,311	9,311

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

	29,944	29,944

From the Asbestos Trust Fund (IC 13-17-6-3)

	1,868	1,868

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

	10,517	10,517

Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, and Underground Petroleum Storage Tank Trust Fund are for the following purposes:

Personal Services	**327,498**	**327,498**
Other Operating Expense	**30,389**	**30,389**

MEDIA AND COMMUNICATIONS

From the General Fund

	499,452	499,452

From the State Solid Waste Management Fund (IC 13-20-22-2)

	10,083	10,083

From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)

	8,721	8,721

From the Waste Tire Management Fund (IC 13-20-13-8)

	15,058	15,058

From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

	88,137	88,137

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

	77,426	77,426

From the Environmental Management Special Fund (IC 13-14-12-1)

	11,664	11,664

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

	24,738	24,738

From the Asbestos Trust Fund (IC 13-17-6-3)

	3,176	3,176

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

7,422 7,422

From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)

253,029 253,029

Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund, are for the following purposes:

Personal Services	**909,456**	**909,456**
Other Operating Expense	**89,450**	**89,450**

PLANNING AND ASSESSMENT

From the General Fund

404,184 404,184

From the State Solid Waste Management Fund (IC 13-20-22-2)

11,837 11,837

From the Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)

10,154 10,154

From the Waste Tire Management Fund (IC 13-20-13-8)

17,536 17,536

From the Title V Operating Permit Program Trust Fund (IC 13-17-8-1)

102,641 102,641

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

90,171 90,171

From the Environmental Management Special Fund (IC 13-14-12-1)

13,574 13,574

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

28,806 28,806

From the Asbestos Trust Fund (IC 13-17-6-3)

3,703 3,703

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

8,639 8,639

From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)

294,574 294,574

Augmentation allowed from the State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust

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Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund.			
The amounts specified from the General Fund, State Solid Waste Management Fund, Indiana Recycling Promotion and Assistance Fund, Waste Tire Management Fund, Title V Operating Permit Program Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:			
Personal Services	**931,869**	**931,869**	
Other Operating Expense	**53,950**	**53,950**	
OHIO RIVER VALLEY WATER SANITATION COMMISSION			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**281,318**	**281,318**	
Augmentation allowed.			
OFFICE OF ENVIRONMENTAL RESPONSE			
Personal Services	**2,642,731**	**2,642,731**	
Other Operating Expense	**328,006**	**328,006**	
POLLUTION PREVENTION AND TECHNICAL ASSISTANCE			
Personal Services	**1,001,866**	**1,001,866**	
Other Operating Expense	**151,354**	**151,354**	
PCB INSPECTIONS			
Environmental Management Permit Operation Fund (IC 13-15-11-1)			
Total Operating Expense	**19,420**	**19,420**	
Augmentation allowed.			
U.S. GEOLOGICAL SURVEY CONTRACTS			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**54,738**	**54,738**	
Augmentation allowed.			
STATE SOLID WASTE GRANTS MANAGEMENT			
State Solid Waste Management Fund (IC 13-20-22-2)			
Personal Services	**226,352**	**226,352**	
Other Operating Expense	**229,429**	**229,429**	
Augmentation allowed.			
RECYCLING OPERATING			
Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)			
Personal Services	**283,598**	**283,598**	
Other Operating Expense	**292,020**	**292,020**	
Augmentation allowed.			
RECYCLING PROMOTION AND ASSISTANCE PROGRAM			
Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)			
Total Operating Expense	**524,000**	**524,000**	
Augmentation allowed.			
VOLUNTARY CLEAN-UP PROGRAM			
Voluntary Remediation Fund (IC 13-25-5-21)			
Personal Services	**827,047**	**827,047**	
Other Operating Expense	**68,121**	**68,121**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Augmentation allowed.			
TITLE V AIR PERMIT PROGRAM			
Title V Operating Permit Program Trust Fund (IC 13-17-8-1)			
Personal Services	**10,375,485**	**10,375,485**	
Other Operating Expense	**1,938,006**	**1,938,006**	
Augmentation allowed.			
WATER MANAGEMENT PERMITTING			
From the General Fund			
	1,660,170	**1,660,170**	
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)			
	4,751,106	**4,751,106**	
Augmentation allowed from the Environmental Management Permit Operation Fund.			

The amounts specified from the General Fund and the Environmental Management Permit Operation Fund are for the following purposes:

Personal Services	**5,939,557**	**5,939,557**	
Other Operating Expense	**471,719**	**471,719**	
SOLID WASTE MANAGEMENT PERMITTING			
From the General Fund			
	1,768,784	**1,768,784**	
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)			
	3,012,230	**3,012,230**	
Augmentation allowed from the Environmental Management Permit Operation Fund.			

The amounts specified from the General Fund and the Environmental Management Permit Operation Fund are for the following purposes:

Personal Services	**4,453,339**	**4,453,339**	
Other Operating Expense	**327,675**	**327,675**	
CFO/CAFO INSPECTIONS			
Total Operating Expense	**282,500**	**282,500**	
HAZARDOUS WASTE MANAGEMENT PERMITTING - FEDERAL			
Total Operating Expense	**1,316,311**	**1,316,311**	
HAZARDOUS WASTE MANAGEMENT PERMITTING			
Environmental Management Permit Operation Fund (IC 13-15-11-1)			
Personal Services	**3,686,772**	**3,686,772**	
Other Operating Expense	**356,212**	**356,212**	
Augmentation allowed.			
ELECTRONIC WASTE			
Electronic Waste Fund (IC 13-20.5-2-3)			
Total Operating Expense	**131,473**	**131,473**	
SAFE DRINKING WATER PROGRAM			
From the General Fund			
	215,599	**215,599**	
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)			

2,692,762 2,692,762
Augmentation allowed from the Environmental Management Permit Operation Fund.

The amounts specified from the General Fund and the Environmental Management Permit Operation Fund are for the following purposes:

Personal Services	**2,034,100**	**2,034,100**
Other Operating Expense	**874,261**	**874,261**

CLEAN VESSEL PUMPOUT
Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**28,288**	**28,288**

Augmentation allowed.
GROUNDWATER PROGRAM
Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**111,269**	**111,269**

Augmentation allowed.
UNDERGROUND STORAGE TANK PROGRAM
Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

Total Operating Expense	**306,234**	**306,234**

Augmentation allowed.
AIR MANAGEMENT OPERATING
From the General Fund
604,576 604,576
From the Environmental Management Special Fund (IC 13-14-12-1)
264,324 264,324
Augmentation allowed from the Environmental Management Special Fund.

The amounts specified from the General Fund and the Environmental Management Special Fund are for the following purposes:

Personal Services	**582,889**	**582,889**
Other Operating Expense	**286,011**	**286,011**

WATER MANAGEMENT NONPERMITTING

Personal Services	**2,758,985**	**2,758,985**
Other Operating Expense	**802,379**	**802,379**

GREAT LAKES INITIATIVE
Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**57,385**	**57,385**

Augmentation allowed.
LEAKING UNDERGROUND STORAGE TANKS
Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

Personal Services	**147,745**	**147,745**
Other Operating Expense	**23,686**	**23,686**

Augmentation allowed.
CORE SUPERFUND
Hazardous Substances Response Trust Fund (IC 13-25-4-1)

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**16,538**	**16,538**	
Augmentation allowed.			
AUTO EMISSIONS TESTING PROGRAM			
Personal Services	**70,319**	**70,319**	
Other Operating Expense	**5,370,180**	**5,370,180**	

The above appropriations for auto emissions testing are the maximum amounts available for this purpose. If it becomes necessary to conduct additional tests in other locations, the above appropriations shall be prorated among all locations.

HAZARDOUS WASTE SITE - STATE CLEAN-UP			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Personal Services	**1,796,779**	**1,796,779**	
Other Operating Expense	**210,315**	**210,315**	
Augmentation allowed.			
HAZARDOUS WASTE SITES - NATURAL RESOURCE DAMAGES			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Personal Services	**227,541**	**227,541**	
Other Operating Expense	**186,395**	**186,395**	
Augmentation allowed.			
SUPERFUND MATCH			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Total Operating Expense	**152,983**	**152,983**	
Augmentation allowed.			
HOUSEHOLD HAZARDOUS WASTE			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Other Operating Expense	**38,293**	**38,293**	
Augmentation allowed.			
ASBESTOS TRUST - OPERATING			
Asbestos Trust Fund (IC 13-17-6-3)			
Personal Services	**416,068**	**416,068**	
Other Operating Expense	**56,095**	**56,095**	
Augmentation allowed.			
UNDERGROUND PETROLEUM STORAGE TANK - OPERATING			
Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)			
Personal Services	**1,354,197**	**1,354,197**	
Other Operating Expense	**40,263,150**	**40,263,150**	
Augmentation allowed.			
WASTE TIRE MANAGEMENT			
Waste Tire Management Fund (IC 13-20-13-8)			
Total Operating Expense	**417,147**	**417,147**	
Augmentation allowed.			
WASTE TIRE RE-USE			
Waste Tire Management Fund (IC 13-20-13-8)			
Total Operating Expense	**33,796**	**33,796**	
Augmentation allowed.			
VOLUNTARY COMPLIANCE			
Environmental Management Special Fund (IC 13-14-12-1)			
Personal Services	**553,595**	**553,595**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Other Operating Expense	**178,178**	**178,178**	
Augmentation allowed.			
ENVIRONMENTAL MANAGEMENT SPECIAL FUND - OPERATING			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**661,315**	**661,315**	
Augmentation allowed.			
WETLANDS PROTECTION			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**11,062**	**11,062**	
Augmentation allowed.			
PETROLEUM TRUST - OPERATING			
Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)			
Personal Services	**136,157**	**136,157**	
Other Operating Expense	**189,777**	**189,777**	
Augmentation allowed.			

Notwithstanding any other law, with the approval of the governor and the budget agency, the above appropriations for hazardous waste management permitting, wetlands protection, groundwater program, underground storage tank program, air management operating, asbestos trust operating, water management nonpermitting, safe drinking water program, and any other appropriation eligible to be included in a performance partnership grant may be used to fund activities incorporated into a performance partnership grant between the United States Environmental Protection Agency and the department of environmental management.

FOR THE OFFICE OF ENVIRONMENTAL ADJUDICATION			
Personal Services	**296,578**	**296,578**	
Other Operating Expense	**32,380**	**32,380**	

SECTION 6. [EFFECTIVE JULY 1, 2011]

ECONOMIC DEVELOPMENT

A. AGRICULTURE

FOR THE DEPARTMENT OF AGRICULTURE			
Personal Services	**1,615,208**	**1,615,208**	
Other Operating Expense	**413,462**	**413,462**	
CLEAN WATER INDIANA			
Total Operating Expense	**500,000**	**500,000**	
Cigarette Tax Fund (IC 6-7-1-29.1)			
Total Operating Expense	**3,666,425**	**3,666,425**	
Augmentation allowed.			
SOIL CONSERVATION DIVISION			
Cigarette Tax Fund (IC 6-7-1-29.1)			
Total Operating Expense	**1,582,884**	**1,582,884**	
Augmentation allowed.			
GRAIN BUYERS AND WAREHOUSE LICENSING			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Grain Buyers and Warehouse Licensing Agency License Fee Fund (IC 26-3-7-6.3)			
Total Operating Expense	**172,000**	**172,000**	
Augmentation allowed.			
B. COMMERCE			
FOR THE LIEUTENANT GOVERNOR			
RURAL ECONOMIC DEVELOPMENT FUND			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**1,273,035**	**1,273,035**	
OFFICE OF TOURISM			
Total Operating Expense	**2,520,681**	**2,520,681**	
Of the above appropriations, the office of tourism shall distribute $550,000 each year to the Indiana sports corporation to promote the hosting of amateur sporting events in Indiana cities. Funds may be released after review by the budget committee.			
STATE ENERGY PROGRAM			
Total Operating Expense	**202,269**	**202,269**	
FOOD ASSISTANCE PROGRAM			
Total Operating Expense	**111,572**	**111,572**	
FOR THE INDIANA ECONOMIC DEVELOPMENT CORPORATION			
ADMINISTRATIVE AND FINANCIAL SERVICES			
General Fund			
Total Operating Expense	**6,423,392**	**6,423,392**	
Training 2000 Fund (IC 5-28-7-5)			
Total Operating Expense	**185,630**	**185,630**	
Industrial Development Grant Fund (IC 5-28-25-4)			
Total Operating Expense	**52,139**	**52,139**	
21ST CENTURY RESEARCH & TECHNOLOGY FUND			
Total Operating Expense	**10,000,000**	**10,000,000**	
INTERNATIONAL TRADE			
Total Operating Expense	**1,232,197**	**1,232,197**	
ENTERPRISE ZONE PROGRAM			
Enterprise Zone Fund (IC 5-28-15-6)			
Total Operating Expense	**85,000**	**85,000**	
Augmentation allowed.			
LOCAL ECONOMIC DEVELOPMENT ORGANIZATION/ REGIONAL ECONOMIC DEVELOPMENT ORGANIZATION (LEDO/REDO) MATCHING GRANT PROGRAM			
Total Operating Expense			**600,000**
TRAINING 2000			
Total Operating Expense			**18,468,918**
BUSINESS PROMOTION PROGRAM			
Total Operating Expense			**1,741,758**
ECONOMIC DEVELOPMENT GRANT AND LOAN PROGRAM			
Total Operating Expense			**855,732**
INDUSTRIAL DEVELOPMENT GRANT PROGRAM			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense			**6,500,000**

FOR THE HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
INDIANA INDIVIDUAL DEVELOPMENT ACCOUNTS
Affordable Housing and Community Development Fund (IC 5-20-4)

Total Operating Expense	**1,000,000**	**1,000,000**

The housing and community development authority shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

Family and social services administration, division of family resources shall apply all qualifying expenditures for individual development accounts deposits toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

MORTGAGE FORECLOSURE COUNSELING
Home Ownership Education Fund (IC 5-20-1-27)

Total Operating Expense	**1,693,924**	**1,693,924**

Augmentation Allowed.

C. EMPLOYMENT SERVICES

FOR THE DEPARTMENT OF WORKFORCE DEVELOPMENT

ADMINISTRATION		
Total Operating Expense	**855,000**	**855,000**
WOMEN'S COMMISSION		
Personal Services	**83,899**	**83,899**
Other Operating Expense	**17,250**	**17,250**
NATIVE AMERICAN INDIAN AFFAIRS COMMISSION		
Total Operating Expense	**76,679**	**76,679**
COMMISSION ON HISPANIC/LATINO AFFAIRS		
Total Operating Expense	**105,600**	**105,600**

The above appropriations are in addition to any funding for the commission derived from funds appropriated to the department of workforce development.

D. OTHER ECONOMIC DEVELOPMENT

FOR THE INDIANA STATE FAIR BOARD

STATE FAIR		
Total Operating Expense	**600,000**	**600,000**

SECTION 7. [EFFECTIVE JULY 1, 2011]

TRANSPORTATION

FOR THE DEPARTMENT OF TRANSPORTATION

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

For the conduct and operation of the department of transportation, the following sums are appropriated for the periods designated from the public mass transportation fund, the industrial rail service fund, the state highway fund, the motor vehicle highway account, the distressed road fund, the state highway road construction and improvement fund, the motor carrier regulation fund, and the crossroads 2000 fund.

INTERMODAL GRANT PROGRAM			
Public Mass Transportation Fund (IC 8-23-3-8)			
Total Operating Expense	**50,000**	**50,000**	
Augmentation allowed.			
RAILROAD GRADE CROSSING IMPROVEMENT			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**500,000**	**500,000**	
HIGH SPEED RAIL			
Industrial Rail Service Fund (IC 8-3-1.7-2)			
Matching Funds			**40,000**
Augmentation allowed.			
PUBLIC MASS TRANSPORTATION			
Public Mass Transportation Fund (IC 8-23-3-8)			
Total Operating Expense	**42,581,051**	**44,528,678**	
Augmentation allowed.			

Any unencumbered amount remaining from this appropriation at the end of a state fiscal year remains available in subsequent state fiscal years for the purposes for which it is appropriated.

The appropriations are to be used solely for the promotion and development of public transportation. The department of transportation shall allocate funds based on a formula approved by the commissioner of the department of transportation.

The department of transportation may distribute public mass transportation funds to an eligible grantee that provides public transportation in Indiana.

The state funds can be used to match federal funds available under the Federal Transit Act (49 U.S.C. 1601, et seq.) or local funds from a requesting grantee.

Before funds may be disbursed to a grantee, the grantee must submit its request for financial assistance to the department of transportation for approval. Allocations must be approved by the governor and the budget agency after review by the budget committee and shall be made on a reimbursement basis. Only applications for capital and operating assistance may be approved. Only those grantees that have met the reporting requirements under IC 8-23-3 are eligible for assistance under this appropriation.

HIGHWAY OPERATING			
State Highway Fund (IC 8-23-9-54)			
	270,724,355	**263,724,355**	
Public Mass Transportation Fund (IC 8-23-3-8)			
	170,000	**170,000**	

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Industrial Rail Service Fund			
	305,000	**305,000**	

The amounts specified from the State Highway Fund, the Public Mass Transportation Fund, and the Industrial Rail Service Fund are for the following purposes:

Personal Services	**214,386,249**	**207,386,249**
Other Operating Expense	**56,813,106**	**56,813,106**

HIGHWAY VEHICLE AND ROAD MAINTENANCE EQUIPMENT

State Highway Fund (IC 8-23-9-54)		
Other Operating Expense	**15,300,000**	**15,300,000**

The above appropriations for highway operating and highway vehicle and road maintenance equipment may be used for personal services, equipment, and other operating expense, including the cost of transportation for the governor.

HIGHWAY MAINTENANCE WORK PROGRAM

State Highway Fund (IC 8-23-9-54)		
Other Operating Expense	**67,000,000**	**67,000,000**

The above appropriations for the highway maintenance work program may be used for:
(1) materials for patching roadways and shoulders;
(2) repairing and painting bridges;
(3) installing signs and signals and painting roadways for traffic control;
(4) mowing, herbicide application, and brush control;
(5) drainage control;
(6) maintenance of rest areas, public roads on properties of the department of natural resources, and driveways on the premises of all state facilities;
(7) materials for snow and ice removal;
(8) utility costs for roadway lighting; and
(9) other special maintenance and support activities consistent with the highway maintenance work program.

HIGHWAY CAPITAL IMPROVEMENTS

State Highway Fund (IC 8-23-9-54)		
Right-of-Way Expense	**16,880,000**	**8,640,000**
Formal Contracts Expense	**80,484,822**	**99,090,903**
Consulting Services Expense	**12,340,000**	**10,000,000**
Institutional Road Construction	**2,500,000**	**2,500,000**

The above appropriations for the capital improvements program may be used for:
(1) bridge rehabilitation and replacement;
(2) road construction, reconstruction, or replacement;
(3) construction, reconstruction, or replacement of travel lanes, intersections, grade separations, rest parks, and weigh stations;
(4) relocation and modernization of existing roads;
(5) resurfacing;

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(6) erosion and slide control;
(7) construction and improvement of railroad grade crossings, including the use of the appropriations to match federal funds for projects;
(8) small structure replacements;
(9) safety and spot improvements; and
(10) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

The appropriations for highway operating, highway vehicle and road maintenance equipment, highway buildings and grounds, the highway planning and research program, the highway maintenance work program, and highway capital improvements are appropriated from estimated revenues, which include the following:
(1) Funds distributed to the state highway fund from the motor vehicle highway account under IC 8-14-1-3(4).
(2) Funds distributed to the state highway fund from the highway, road and street fund under IC 8-14-2-3.
(3) All fees and miscellaneous revenues deposited in or accruing to the state highway fund under IC 8-23-9-54.
(4) Any unencumbered funds carried forward in the state highway fund from any previous fiscal year.
(5) All other funds appropriated or made available to the department of transportation by the general assembly.

If funds from sources set out above for the department of transportation exceed appropriations from those sources to the department, the excess amount is hereby appropriated to be used for formal contracts with approval of the governor and the budget agency.

If there is a change in a statute reducing or increasing revenue for department use, the budget agency shall notify the auditor of state to adjust the above appropriations to reflect the estimated increase or decrease. Upon the request of the department, the budget agency, with the approval of the governor, may allot any increase in appropriations to the department for formal contracts.

If the department of transportation finds that an emergency exists or that an appropriation will be insufficient to cover expenses incurred in the normal operation of the department, the budget agency may, upon request of the department, and with the approval of the governor, transfer funds from revenue sources set out above from one (1) appropriation to the deficient appropriation. No appropriation from the state highway fund may be used to fund any toll road or toll bridge project except as specifically provided for under IC 8-15-2-20.

HIGHWAY PLANNING AND RESEARCH PROGRAM		
State Highway Fund (IC 8-23-9-54)		
Total Operating Expense	**2,500,000**	**2,500,000**
STATE HIGHWAY ROAD CONSTRUCTION AND IMPROVEMENT PROGRAM		
State Highway Road Construction Improvement Fund (IC 8-14-10-5)		
Lease Rental Payments Expense	**61,400,000**	**62,300,000**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

Augmentation allowed.

The above appropriations for the state highway road construction and improvement program are appropriated from the state highway road construction and improvement fund provided in IC 8-14-10-5 and may include any unencumbered funds carried forward from any previous fiscal year. The funds shall be first used for payment of rentals and leases relating to projects under IC 8-14.5. If any funds remain, the funds may be used for the following purposes:
(1) road and bridge construction, reconstruction, or replacement;
(2) construction, reconstruction, or replacement of travel lanes, intersections, and grade separations;
(3) relocation and modernization of existing roads; and
(4) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

CROSSROADS 2000 PROGRAM		
State Highway Fund (IC 8-23-9-54)		
Lease Rental Payment Expense	**3,995,823**	**10,269,742**
Augmentation allowed.		
Crossroads 2000 Fund (IC 8-14-10-9)		
Lease Rental Payment Expense	**35,700,000**	**36,200,000**
Augmentation allowed.		

The above appropriations for the crossroads 2000 program are appropriated from the crossroads 2000 fund provided in IC 8-14-10-9 and may include any unencumbered funds carried forward from any previous fiscal year. The funds shall be first used for payment of rentals and leases relating to projects under IC 8-14-10-9. If any funds remain, the funds may be used for the following purposes:
(1) road and bridge construction, reconstruction, or replacement;
(2) construction, reconstruction, or replacement of travel lanes, intersections, and grade separations;
(3) relocation and modernization of existing roads; and
(4) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

MAJOR MOVES CONSTRUCTION PROGRAM		
Major Moves Construction Fund (IC 8-14-14-5)		
Formal Contracts Expense	**530,000,000**	**50,000,000**
Augmentation allowed.		
FEDERAL APPORTIONMENT		
Right-of-Way Expense	**82,420,000**	**42,160,000**
Formal Contracts Expense	**531,612,292**	**624,532,292**
Consulting Engineers Expense	**60,260,000**	**48,800,000**
Highway Planning and Research	**12,807,708**	**12,807,708**
Local Government Revolving Acct.	**229,030,000**	**242,770,000**

The department may establish an account to be known as the "local government revolving account". The account is to be used to administer the federal-local highway construction program. All contracts issued and all funds received for federal-local projects under

this program shall be entered into this account.

If the federal apportionments for the fiscal years covered by this act exceed the above estimated appropriations for the department or for local governments, the excess federal apportionment is hereby appropriated for use by the department with the approval of the governor and the budget agency.

The department shall bill, in a timely manner, the federal government for all department payments that are eligible for total or partial reimbursement.

The department may let contracts and enter into agreements for construction and preliminary engineering during each year of the 2011-2013 biennium that obligate not more than one-third (1/3) of the amount of state funds estimated by the department to be available for appropriation in the following year for formal contracts and consulting engineers for the capital improvements program.

Under IC 8-23-5-7(a), the department, with the approval of the governor, may construct and maintain roadside parks and highways where highways will connect any state highway now existing, or hereafter constructed, with any state park, state forest preserve, state game preserve, or the grounds of any state institution. There is appropriated to the department of transportation an amount sufficient to carry out the provisions of this paragraph. Under IC 8-23-5-7(d), such appropriations shall be made from the motor vehicle highway account before distribution to local units of government.

LOCAL TECHNICAL ASSISTANCE AND RESEARCH

Under IC 8-14-1-3(6), there is appropriated to the department of transportation an amount sufficient for:
(1) the program of technical assistance under IC 8-23-2-5(6); and
(2) the research and highway extension program conducted for local government under IC 8-17-7-4.

The department shall develop an annual program of work for research and extension in cooperation with those units being served, listing the types of research and educational programs to be undertaken. The commissioner of the department of transportation may make a grant under this appropriation to the institution or agency selected to conduct the annual work program. Under IC 8-14-1-3(6), appropriations for the program of technical assistance and for the program of research and extension shall be taken from the local share of the motor vehicle highway account.

Under IC 8-14-1-3(7) there is hereby appropriated such sums as are necessary to maintain a sufficient working balance in accounts established to match federal and local money for highway projects. These funds are appropriated from the following sources in the proportion specified:
(1) one-half (1/2) from the forty-seven percent (47%) set aside of the motor vehicle highway account under IC 8-14-1-3(7); and
(2) for counties and for those cities and towns with a population greater than five thousand (5,000), one-half (1/2) from the distressed road fund under IC 8-14-8-2.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

SECTION 8. [EFFECTIVE JULY 1, 2011]

FAMILY AND SOCIAL SERVICES, HEALTH, AND VETERANS' AFFAIRS

A. FAMILY AND SOCIAL SERVICES

FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION

INDIANA PRESCRIPTION DRUG PROGRAM		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**1,117,830**	**1,117,830**
CHILDREN'S HEALTH INSURANCE PROGRAM		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**36,984,504**	**36,984,504**
FAMILY AND SOCIAL SERVICES ADMINISTRATION - CENTRAL OFFICE		
Total Operating Expense	**16,764,735**	**16,764,735**
OFFICE OF MEDICAID POLICY AND PLANNING - ADMINISTRATION		
Total Operating Expense	**100,000**	**100,000**
MEDICAID ADMINISTRATION		
Total Operating Expense	**33,103,064**	**33,103,064**
MEDICAID - CURRENT OBLIGATIONS		
General Fund		
Total Operating Expense	**1,706,300,000**	**1,871,300,000**

The foregoing appropriations for Medicaid current obligations and for Medicaid administration are for the purpose of enabling the office of Medicaid policy and planning to carry out all services as provided in IC 12-8-6. In addition to the above appropriations, all money received from the federal government and paid into the state treasury as a grant or allowance is appropriated and shall be expended by the office of Medicaid policy and planning for the respective purposes for which the money was allocated and paid to the state. Subject to the provisions of IC 12-8-1-12, if the sums herein appropriated for Medicaid current obligations and for Medicaid administration are insufficient to enable the office of Medicaid policy and planning to meet its obligations, then there is appropriated from the general fund such further sums as may be necessary for that purpose, subject to the approval of the governor and the budget agency.

INDIANA CHECK-UP PLAN (EXCLUDING IMMUNIZATION)		
Indiana Check-Up Plan Trust Fund (IC 12-15-44.2-17)		
Total Operating Expense	**157,766,043**	**157,766,043**
HOSPITAL CARE FOR THE INDIGENT FUND		
Total Operating Expense	**57,000,000**	**57,000,000**
MEDICAL ASSISTANCE TO WARDS (MAW)		
Total Operating Expense	**13,100,000**	**13,100,000**
MARION COUNTY HEALTH AND HOSPITAL CORPORATION		
Total Operating Expense	**38,000,000**	**38,000,000**
MENTAL HEALTH ADMINISTRATION		
Other Operating Expense	**3,859,047**	**3,859,047**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

Two hundred seventy-five thousand dollars ($275,000) of the above appropriation for the state fiscal year beginning July 1, 2011, and ending June 30, 2012, and two hundred seventy-five thousand dollars ($275,000) of the above appropriation for the state fiscal year beginning July 1, 2012, and ending June 30, 2013, shall be distributed in the state fiscal year to neighborhood based community service programs.

CHILD PSYCHIATRIC SERVICES FUND		
Total Operating Expense	**17,023,760**	**17,023,760**
SERIOUSLY EMOTIONALLY DISTURBED		
Total Operating Expense	**15,075,408**	**15,075,408**
SERIOUSLY MENTALLY ILL		
General Fund		
Total Operating Expense	**94,302,551**	**94,302,551**
Mental Health Centers Fund (IC 6-7-1-32.1)		
Total Operating Expense	**4,311,650**	**4,311,650**
Augmentation allowed.		
COMMUNITY MENTAL HEALTH CENTERS		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**7,000,000**	**7,000,000**

The above appropriation from the Tobacco Master Settlement Agreement Fund is in addition to other funds. The above appropriations for comprehensive community mental health services include the intragovernmental transfers necessary to provide the nonfederal share of reimbursement under the Medicaid rehabilitation option.

The comprehensive community mental health centers shall submit their proposed annual budgets (including income and operating statements) to the budget agency on or before August 1 of each year. All federal funds shall be applied in augmentation of the foregoing funds rather than in place of any part of the funds. The office of the secretary, with the approval of the budget agency, shall determine an equitable allocation of the appropriation among the mental health centers.

GAMBLERS' ASSISTANCE		
Gamblers' Assistance Fund (IC 4-33-12-6)		
Total Operating Expense	**4,041,728**	**4,041,728**
SUBSTANCE ABUSE TREATMENT		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**4,855,820**	**4,855,820**
QUALITY ASSURANCE/RESEARCH		
Total Operating Expense	**562,860**	**562,860**
PREVENTION		
Gamblers' Assistance Fund (IC 4-33-12-6)		
Total Operating Expense	**2,572,675**	**2,572,675**
Augmentation allowed.		
METHADONE DIVERSION CONTROL AND OVERSIGHT (MDCO) PROGRAM		
Opioid Treatment Program Fund (IC 12-23-18-4)		
Total Operating Expense	**380,566**	**380,566**
Augmentation allowed.		

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

DMHA YOUTH TOBACCO REDUCTION SUPPORT PROGRAM

DMHA Youth Tobacco Reduction Support Program (IC 4-33-12-6)

Total Operating Expense	**250,000**	**250,000**

Augmentation allowed.

EVANSVILLE PSYCHIATRIC CHILDREN'S CENTER

From the General Fund

	97,100	**97,100**

From the Mental Health Fund (IC 12-24-14-4)

	1,496,038	**1,496,038**

Augmentation allowed.

The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	**1,279,699**	**1,279,699**
Other Operating Expense	**313,439**	**313,439**

EVANSVILLE STATE HOSPITAL

From the General Fund

	20,156,185	**20,156,185**

From the Mental Health Fund (IC 12-24-14-4)

	3,971,008	**3,971,008**

Augmentation allowed.

The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	**17,977,966**	**17,977,966**
Other Operating Expense	**6,149,227**	**6,149,227**

LARUE CARTER MEMORIAL HOSPITAL

From the General Fund

	19,946,791	**19,946,791**

From the Mental Health Fund (IC 12-24-14-4)

	2,765,060	**2,765,060**

Augmentation allowed.

The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	**16,034,506**	**16,034,506**
Other Operating Expense	**6,677,345**	**6,677,345**

LOGANSPORT STATE HOSPITAL

From the General Fund

	22,092,775	**22,092,775**

From the Mental Health Fund (IC 12-24-14-4)

	6,318,370	**6,318,370**

Augmentation allowed.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	**24,528,698**	**24,528,698**
Other Operating Expense	**3,882,447**	**3,882,447**

MADISON STATE HOSPITAL

From the General Fund

21,633,735 21,633,735

From the Mental Health Fund (IC 12-24-14-4)

5,754,681 5,754,681

Augmentation allowed.

The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	**21,339,985**	**21,339,985**
Other Operating Expense	**6,048,431**	**6,048,431**

RICHMOND STATE HOSPITAL

From the General Fund

30,556,566 30,556,566

From the Mental Health Fund (IC 12-24-14-4)

2,261,464 2,261,464

Augmentation allowed.

The amounts specified from the general fund and the mental health fund are for the following purposes:

Personal Services	**25,399,821**	**25,399,821**
Other Operating Expense	**7,418,209**	**7,418,209**

PATIENT PAYROLL

Total Operating Expense	**257,206**	**257,206**

The federal share of revenue accruing to the state mental health institutions under IC 12-15, based on the applicable Federal Medical Assistance Percentage (FMAP), shall be deposited in the mental health fund established by IC 12-24-14-1, and the remainder shall be deposited in the general fund.

In addition to the above appropriations, each institution may qualify for an additional appropriation, or allotment, subject to approval of the governor and the budget agency, from the mental health fund of up to twenty percent (20%), but not to exceed $50,000 in each fiscal year, of the amount by which actual net collections exceed an amount specified in writing by the division of mental health and addiction before July 1 of each year beginning July 1, 2011.

DIVISION OF FAMILY RESOURCES ADMINISTRATION

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Personal Services	**1,325,447**	**1,325,447**	
Other Operating Expense	**1,670,322**	**1,670,322**	
COMMISSION ON THE SOCIAL STATUS OF BLACK MALES			
Total Operating Expense	**139,620**	**139,620**	
SSBG - DIVISION OF FAMILY RESOURCES			
Total Operating Expense	**1,100,000**	**1,100,000**	
CHILD CARE LICENSING FUND			
Child Care Fund (IC 12-17.2-2-3)			
Total Operating Expense	**100,000**	**100,000**	
Augmentation allowed.			
ELECTRONIC BENEFIT TRANSFER PROGRAM			
Total Operating Expense	**2,278,565**	**2,278,565**	

The foregoing appropriations for the division of family resources Title IV-D of the federal Social Security Act are made under, and not in addition to, IC 31-25-4-28.

DFR - COUNTY ADMINISTRATION			
Total Operating Expense	**89,154,386**	**90,229,853**	
INDIANA CLIENT ELIGIBILITY SYSTEM (ICES)			
Total Operating Expense	**7,292,497**	**7,292,497**	
IMPACT PROGRAM			
Total Operating Expense	**3,016,665**	**3,016,665**	
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)			
Total Operating Expense	**31,776,757**	**31,776,757**	
SNAP ADMINISTRATION			
Total Operating Expense	**2,182,125**	**2,182,125**	
CHILD CARE & DEVELOPMENT FUND			
Total Operating Expense	**34,316,109**	**34,316,109**	

The foregoing appropriations for information systems/technology, education and training, Temporary Assistance to Needy Families (TANF), and child care services are for the purpose of enabling the division of family resources to carry out all services as provided in IC 12-14. In addition to the above appropriations, all money received from the federal government and paid into the state treasury as a grant or allowance is appropriated and shall be expended by the division of family resources for the respective purposes for which such money was allocated and paid to the state.

BURIAL EXPENSES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**1,607,219**	**1,607,219**	
SCHOOL AGE CHILD CARE PROJECT FUND			
Total Operating Expense	**812,413**	**812,413**	
HEADSTART - FEDERAL			
Total Operating Expense	**43,750**	**43,750**	
DIVISION OF AGING ADMINISTRATION			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Personal Services	**327,983**	**327,983**	
Other Operating Expense	**637,395**	**637,395**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

The above appropriations for the division of aging administration are for administrative expenses. Any federal fund reimbursements received for such purposes are to be deposited in the general fund.

ROOM AND BOARD ASSISTANCE (R-CAP)		
Total Operating Expense	**10,481,788**	**10,481,788**
C.H.O.I.C.E. IN-HOME SERVICES		
Total Operating Expense	**44,053,605**	**48,765,643**

The foregoing appropriations for C.H.O.I.C.E. In-Home Services include intragovernmental transfers to provide the nonfederal share of the Medicaid aged and disabled waiver.

The intragovernmental transfers for use in the Medicaid aged and disabled waiver may not exceed in the state fiscal year beginning July 1, 2011, and ending June 30, 2012, twenty-five million eight hundred thousand dollars ($25,800,000) and in the state fiscal year beginning July 1, 2012, and ending June 30, 2013, twenty-five million eight hundred thousand dollars ($25,800,000).

The division of aging shall conduct an annual evaluation of the cost effectiveness of providing home and community-based services. Before January of each year, the division shall submit a report to the budget committee, the budget agency, and the legislative council that covers all aspects of the division's evaluation and such other information pertaining thereto as may be requested by the budget committee, the budget agency, or the legislative council, including the following:
(1) the number and demographic characteristics of the recipients of home and community-based services during the preceding fiscal year, including a separate count of individuals who received no services other than case management services (as defined in 460 IAC 1.2-4-10) during the preceding fiscal year;
(2) the total cost and per recipient cost of providing home and community-based services during the preceding fiscal year.

The division shall obtain from providers of services data on their costs and expenditures regarding implementation of the program and report the findings to the budget committee, the budget agency, and the legislative council. The report to the legislative council must be in an electronic format under IC 5-14-6.

STATE SUPPLEMENT TO SSBG - AGING		
Total Operating Expense	**687,396**	**687,396**
OLDER HOOSIERS ACT		
Total Operating Expense	**1,573,446**	**1,573,446**
ADULT PROTECTIVE SERVICES		
General Fund		
Total Operating Expense	**1,956,528**	**1,956,528**
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**495,420**	**495,420**
Augmentation allowed.		
ADULT GUARDIANSHIP SERVICES		
Total Operating Expense	**405,565**	**405,565**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
MEDICAID WAIVER			
Total Operating Expense	**1,062,895**	**1,062,895**	
TITLE III ADMINISTRATION GRANT			
Total Operating Expense	**310,000**	**310,000**	
OMBUDSMAN			
Total Operating Expense	**310,124**	**310,124**	
DIVISION OF DISABILITY AND REHABILITATIVE SERVICES ADMINISTRATION			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**360,764**	**360,764**	
BUREAU OF REHABILITATIVE SERVICES			
- VOCATIONAL REHABILITATION OPERATING			
Personal Services	**3,448,621**	**3,448,621**	
Other Operating Expense	**12,425,093**	**12,425,093**	
AID TO INDEPENDENT LIVING			
Total Operating Expense	**46,927**	**46,927**	
ACCESSABILITY CENTER FOR INDEPENDENT LIVING			
Total Operating Expense	**87,665**	**87,665**	
SOUTHERN INDIANA CENTER FOR INDEPENDENT LIVING			
Total Operating Expense	**87,665**	**87,665**	
ATTIC, INCORPORATED			
Total Operating Expense	**87,665**	**87,665**	
LEAGUE FOR THE BLIND AND DISABLED			
Total Operating Expense	**87,665**	**87,665**	
FUTURE CHOICES, INC.			
Total Operating Expense	**158,113**	**158,113**	
THE WABASH INDEPENDENT LIVING AND LEARNING CENTER, INC.			
Total Operating Expense	**158,113**	**158,113**	
INDEPENDENT LIVING CENTER OF EASTERN INDIANA			
Total Operating Expense	**158,113**	**158,113**	
STATE SUPLEMENT TO SSBG - DDRS			
Total Operating Expense	**343,481**	**343,481**	
BUREAU OF REHABILITATIVE SERVICES - DEAF AND HARD OF HEARING SERVICES			
Personal Services	**114,542**	**114,542**	
Other Operating Expense	**202,232**	**202,232**	
BUREAU OF REHABILITATIVE SERVICES - BLIND VENDING OPERATIONS			
Total Operating Expense	**129,905**	**129,905**	
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES			
- RESIDENTIAL FACILITIES COUNCIL			
Total Operating Expense	**5,008**	**5,008**	
BUREAU OF REHABILITATIVE SERVICES			
- OFFICE OF SERVICES FOR THE BLIND AND VISUALLY IMPAIRED			
Personal Services	**58,156**	**58,156**	
Other Operating Expense	**23,580**	**23,580**	
BUREAU OF REHABILITATIVE SERVICES - EMPLOYEE TRAINING			
Total Operating Expense	**6,112**	**6,112**	
BUREAU OF QUALITY IMPROVEMENT SERVICES - BQIS			
Total Operating Expense	**3,636,983**	**3,636,983**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES - DAY SERVICES			
Other Operating Expense	**3,159,384**	**3,159,384**	
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES - DIAGNOSIS AND EVALUATION			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Other Operating Expense	**400,125**	**400,125**	
FIRST STEPS			
Total Operating Expense	**6,149,513**	**6,149,513**	
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES - EPILEPSY PROGRAM			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Other Operating Expense	**463,758**	**463,758**	
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES - CAREGIVER SUPPORT			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Other Operating Expense	**509,500**	**509,500**	
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES - OPERATING			
General Fund			
Total Operating Expense	**5,286,696**	**5,286,696**	
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**2,458,936**	**2,458,936**	
Augmentation allowed.			
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES CASE MANAGEMENT - OASIS			
Total Operating Expense	**2,516,000**	**2,516,000**	
BUREAU OF DEVELOPMENTAL DISABILITIES SERVICES - RESIDENTIAL SERVICES			
General Fund			
Total Operating Expense	**91,996,290**	**91,996,290**	
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**10,229,000**	**10,229,000**	

The above appropriations for client services include the intragovernmental transfers necessary to provide the nonfederal share of reimbursement under the Medicaid program for day services provided to residents of group homes and nursing facilities.

In the development of new community residential settings for persons with developmental disabilities, the division of disability and rehabilitative services must give priority to the appropriate placement of such persons who are eligible for Medicaid and currently residing in intermediate care or skilled nursing facilities and, to the extent permitted by law, such persons who reside with aged parents or guardians or families in crisis.

FOR THE DEPARTMENT OF CHILD SERVICES			
DEPARTMENT OF CHILD SERVICES - CASE MANAGEMENT			
Personal Services	**22,337,394**	**22,337,394**	
Other Operating Expense	**4,313,127**	**4,313,127**	
CASE MANAGEMENT SERVICES APPROPRIATION			
Total Operating Expense	**59,711,491**	**59,711,491**	
DEPARTMENT OF CHILD SERVICES - COUNTY ADMINISTRATION - STATE APPROPRIATION			
Personal Services	**19,660,436**	**19,660,436**	
Other Operating Expense	**13,249,977**	**13,249,977**	
DEPARTMENT OF CHILD SERVICES - COUNTY ADMINISTRATION			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**11,808,523**	**11,808,523**	
DEPARTMENT OF CHILD SERVICES - STATE ADMINISTRATION			
Personal Services	**7,327,026**	**7,327,026**	
Other Operating Expense	**1,930,543**	**1,930,543**	
CHILD WELFARE ADMINISTRATION - STATE APPROPRIATION			
Total Operating Expense	**9,573,607**	**9,573,607**	
CHILD WELFARE SERVICES STATE GRANTS			
Total Operating Expense	**7,500,000**	**7,500,000**	
TITLE IV-D OF THE FEDERAL SOCIAL SECURITY ACT (STATE MATCH)			
Total Operating Expense	**7,475,179**	**7,475,179**	

The foregoing appropriations for the department of child services Title IV-D of the federal Social Security Act are made under, and not in addition to, IC 31-25-4-28.

FAMILY AND CHILDREN FUND			
General Fund			
Total Operating Expense	**282,977,440**	**282,977,440**	
Augmentation allowed.			
Family and Children Reimbursement (IC 31-40-1-3)			
Total Operating Expense	**6,536,332**	**6,536,332**	
Augmentation allowed.			
FAMILY AND CHILDREN SERVICES			
Total Operating Expense	**25,438,882**	**25,438,882**	
ADOPTION SERVICES GRANTS			
Total Operating Expense	**26,983,440**	**26,983,440**	
INDEPENDENT LIVING			
Total Operating Expense	**811,525**	**811,525**	
YOUTH SERVICE BUREAU			
Total Operating Expense	**1,303,699**	**1,303,699**	
PROJECT SAFEPLACE			
Total Operating Expense	**112,500**	**112,500**	
HEALTHY FAMILIES INDIANA			
Total Operating Expense	**1,093,165**	**1,093,165**	
CHILD WELFARE TRAINING			
Total Operating Expense	**1,884,030**	**1,884,030**	
SPECIAL NEEDS ADOPTION II			
Personal Services	**228,975**	**228,975**	
Other Operating Expense	**470,625**	**470,625**	
ADOPTION SERVICES			
Total Operating Expense	**15,606,117**	**15,606,117**	
NONRECURRING ADOPTION ASSISTANCE			
Total Operating Expense	**921,500**	**921,500**	
INDIANA SUPPORT ENFORCEMENT TRACKING (ISETS)			
Total Operating Expense	**4,806,636**	**4,806,636**	
CHILD PROTECTION AUTOMATION PROJECT (ICWIS)			
Total Operating Expense	**1,421,375**	**1,421,375**	

FOR THE DEPARTMENT OF ADMINISTRATION

DEPARTMENT OF CHILD SERVICES OMBUDSMAN BUREAU

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**145,000**	**145,000**	

B. PUBLIC HEALTH

FOR THE STATE DEPARTMENT OF HEALTH

Personal Services	**18,798,345**	**18,798,345**	
Other Operating Expense	**5,619,468**	**5,619,468**	

All receipts to the state department of health from licenses or permit fees shall be deposited in the state general fund.

AREA HEALTH EDUCATION CENTERS

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense	**1,179,375**	**1,179,375**	

CANCER REGISTRY

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense	**519,050**	**519,050**	

MINORITY HEALTH INITIATIVE

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense	**2,550,000**	**2,550,000**	

The foregoing appropriations shall be allocated to the Indiana Minority Health Coalition to work with the state department on the implementation of IC 16-46-11.

SICKLE CELL

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense	**250,000**	**250,000**	

AID TO COUNTY TUBERCULOSIS HOSPITALS

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Total Operating Expense	**82,351**	**82,351**	

These funds shall be used for eligible expenses according to IC 16-21-7-3 for tuberculosis patients for whom there are no other sources of reimbursement, including patient resources, health insurance, medical assistance payments, and hospital care for the indigent.

MEDICARE-MEDICAID CERTIFICATION

Total Operating Expense	**5,329,012**	**5,329,012**	

Personal services augmentation allowed in amounts not to exceed revenue from health facilities license fees or from health care providers (as defined in IC 16-18-2-163) fee increases or those adopted by the Executive Board of the Indiana State Department of health under IC 16-19-3.

AIDS EDUCATION

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)

Personal Services	**248,082**	**248,082**	
Other Operating Expense	**446,576**	**446,576**	

HIV/AIDS SERVICES

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**2,054,141**	**2,054,141**	
SSBG - AIDS CARE COORDINATION			
Total Operating Expense	**296,504**	**296,504**	
TEST FOR DRUG AFFLICTED BABIES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**49,403**	**49,403**	
STATE CHRONIC DISEASES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Personal Services	**81,007**	**81,007**	
Other Operating Expense	**835,656**	**835,656**	

At least $82,560 of the above appropriations shall be for grants to community groups and organizations as provided in IC 16-46-7-8.

WOMEN, INFANTS, AND CHILDREN SUPPLEMENT			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**190,000**	**190,000**	
SSBG - MATERNAL AND CHILD HEALTH - HEALTHY FAMILIES (MCHHF)			
Total Operating Expense	**289,352**	**289,352**	
MATERNAL AND CHILD HEALTH SUPPLEMENT			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**190,000**	**190,000**	
CANCER EDUCATION AND DIAGNOSIS - BREAST CANCER			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**73,516**	**73,516**	
CANCER EDUCATION AND DIAGNOSIS - PROSTATE CANCER			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**79,050**	**79,050**	
ADOPTION HISTORY			
Adoption History Fund (IC 31-19-18-6)			
Total Operating Expense	**183,212**	**183,212**	
Augmentation allowed.			
CHILDREN WITH SPECIAL HEALTH CARE NEEDS			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**11,782,759**	**11,782,759**	
Augmentation allowed.			
NEWBORN SCREENING PROGRAM			
Newborn Screening Fund (IC 16-41-17-11)			
Personal Services	**500,697**	**500,697**	
Other Operating Expense	**2,160,946**	**2,160,946**	
Augmentation allowed.			

The above appropriation includes funding for pulse oximetry screening of infants.

RADON GAS TRUST FUND			
Radon Gas Trust Fund (IC 16-41-38-8)			
Total Operating Expense	**9,739**	**9,739**	
Augmentation allowed.			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
BIRTH PROBLEMS REGISTRY			
Birth Problems Registry Fund (IC 16-38-4-17)			
Personal Services	**62,853**	**62,853**	
Other Operating Expense	**42,938**	**42,938**	
Augmentation allowed.			
MOTOR FUEL INSPECTION PROGRAM			
Motor Fuel Inspection Fund (IC 16-44-3-10)			
Total Operating Expense	**148,294**	**148,294**	
Augmentation allowed.			
PROJECT RESPECT			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**457,218**	**457,218**	
DONATED DENTAL SERVICES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**36,492**	**36,492**	

The above appropriation shall be used by the Indiana foundation for dentistry for the handicapped.

OFFICE OF WOMEN'S HEALTH			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**103,061**	**103,061**	
SPINAL CORD AND BRAIN INJURY			
Spinal Cord and Brain Injury Fund (IC 16-41-42.2-3)			
Total Operating Expense	**1,523,634**	**1,523,634**	
INDIANA CHECK-UP PLAN - IMMUNIZATIONS			
Indiana Check-Up Plan Trust Fund (IC 12-15-44.2-17)			
Total Operating Expense	**11,000,000**	**11,000,000**	
WEIGHTS AND MEASURES FUND			
Weights and Measures Fund (IC 16-19-5-4)			
Total Operating Expense	**19,400**	**19,400**	
Augmentation allowed.			
MINORITY EPIDEMIOLOGY			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**637,500**	**637,500**	
COMMUNITY HEALTH CENTERS			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**15,000,000**	**15,000,000**	
FAMILY HEALTH CENTER OF CLARK COUNTY			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**50,000**	**50,000**	
PRENATAL SUBSTANCE USE & PREVENTION			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**127,500**	**127,500**	
LOCAL HEALTH MAINTENANCE FUND			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**3,920,000**	**3,920,000**	
Augmentation allowed.			

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

The amount appropriated from the tobacco master settlement agreement fund is in lieu of the appropriation provided for this purpose in IC 6-7-1-30.5 or any other law. Of the above appropriations for the local health maintenance fund, $60,000 each year shall be used to provide additional funding to adjust funding through the formula in IC 16-46-10 to reflect population increases in various counties. Money appropriated to the local health maintenance fund must be allocated under the following schedule each year to each local board of health whose application for funding is approved by the state department of health:

COUNTY POPULATION	AMOUNT OF GRANT
over 499,999	94,112
100,000 - 499,999	72,672
50,000 - 99,999	48,859
under 50,000	33,139

LOCAL HEALTH DEPARTMENT ACCOUNT		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**3,000,000**	**3,000,000**

The foregoing appropriations for the local health department account are statutory distributions under IC 4-12-7.

TOBACCO USE PREVENTION AND CESSATION PROGRAM		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**5,051,037**	**5,051,037**

A minimum of 85% of the above appropriations shall be used for grants to local agencies and other entities with programs designed to reduce smoking.

FOR THE INDIANA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED		
Personal Services	**9,664,722**	**9,664,722**
Other Operating Expense	**965,000**	**965,000**
FOR THE INDIANA SCHOOL FOR THE DEAF		
Personal Services	**14,608,440**	**14,608,440**
Other Operating Expense	**1,731,367**	**1,731,367**

C. VETERANS' AFFAIRS

FOR THE INDIANA DEPARTMENT OF VETERANS' AFFAIRS		
Personal Services	**446,086**	**446,086**
Other Operating Expense	**80,108**	**80,108**
DISABLED AMERICAN VETERANS OF WORLD WARS		
Total Operating Expense	**40,000**	**40,000**
AMERICAN VETERANS OF WORLD WAR II, KOREA, AND VIETNAM		
Total Operating Expense	**30,000**	**30,000**
VETERANS OF FOREIGN WARS		
Total Operating Expense	**30,000**	**30,000**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
VIETNAM VETERANS OF AMERICA			
Total Operating Expense			**20,000**
MILITARY FAMILY RELIEF FUND			
Military Family Relief Fund (IC 10-17-12-8)			
Total Operating Expense	**450,000**	**450,000**	
INDIANA VETERANS' HOME			
From the General Fund			
	10,893,256	**10,893,256**	
From the Veterans' Home Comfort and Welfare Fund (IC 10-17-9-7(d))			
	9,381,362	**9,381,362**	
Augmentation allowed from the Comfort and Welfare Fund in amounts not to exceed revenue collected for Medicaid and Medicare reimbursement.			

The amounts specified from the General Fund and the Veterans' Home Comfort and Welfare Fund are for the following purposes:

Personal Services	**13,552,779**	**13,552,779**
Other Operating Expense	**6,721,839**	**6,721,839**
COMFORT AND WELFARE PROGRAM		
Comfort and Welfare Fund (IC 10-17-9-7(c))		
Total Operating Expense	**1,031,223**	**1,031,223**
Augmentation allowed.		

SECTION 9. [EFFECTIVE JULY 1, 2011]

EDUCATION

A. HIGHER EDUCATION

FOR INDIANA UNIVERSITY		
BLOOMINGTON CAMPUS		
Total Operating Expense	**174,417,718**	**173,090,466**
Fee Replacement	**22,984,251**	**15,668,143**
FOR INDIANA UNIVERSITY REGIONAL CAMPUSES		
EAST		
Total Operating Expense	**8,236,027**	**8,214,501**
Fee Replacement	**1,399,673**	**1,399,262**
KOKOMO		
Total Operating Expense	**11,260,498**	**11,239,133**
Fee Replacement	**1,819,808**	**1,818,053**
NORTHWEST		
Total Operating Expense	**16,063,755**	**16,015,751**
Fee Replacement	**2,595,769**	**2,801,821**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
SOUTH BEND			
Total Operating Expense	**21,490,648**	**21,430,251**	
Fee Replacement	**4,263,191**	**4,263,860**	
SOUTHEAST			
Total Operating Expense	**18,976,859**	**18,589,676**	
Fee Replacement	**3,046,340**	**3,052,964**	
TOTAL APPROPRIATION - INDIANA UNIVERSITY REGIONAL CAMPUSES	**89,152,568**	**88,825,272**	
FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY AT INDIANAPOLIS (IUPUI)			
HEALTH DIVISIONS			
Total Operating Expense	**98,042,060**	**98,042,060**	
Fee Replacement	**2,919,493**	**3,626,825**	
FOR INDIANA UNIVERSITY SCHOOL OF MEDICINE ON THE CAMPUS OF THE UNIVERSITY OF SOUTHERN INDIANA			
Total Operating Expense	**1,603,670**	**1,603,670**	
THE CAMPUS OF INDIANA UNIVERSITY-PURDUE UNIVERSITY FORT WAYNE			
Total Operating Expense	**1,475,274**	**1,475,274**	
THE CAMPUS OF INDIANA UNIVERSITY-NORTHWEST			
Total Operating Expense	**2,095,829**	**2,095,829**	
THE CAMPUS OF PURDUE UNIVERSITY			
Total Operating Expense	**1,870,823**	**1,870,823**	
THE CAMPUS OF BALL STATE UNIVERSITY			
Total Operating Expense	**1,682,175**	**1,682,175**	
THE CAMPUS OF THE UNIVERSITY OF NOTRE DAME			
Total Operating Expense	**1,560,016**	**1,560,016**	
THE CAMPUS OF INDIANA STATE UNIVERSITY			
Total Operating Expense	**1,859,876**	**1,859,876**	

The Indiana University School of Medicine - Indianapolis shall submit to the Indiana commission for higher education before May 15 of each year an accountability report containing data on the number of medical school graduates who entered primary care physician residencies in Indiana from the school's most recent graduating class.

FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY AT INDIANAPOLIS (IUPUI)		
GENERAL ACADEMIC DIVISIONS		
Total Operating Expense	**83,419,331**	**82,918,258**
Fee Replacement	**12,609,727**	**15,664,799**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
TOTAL APPROPRIATIONS - IUPUI	**209,138,274**	**212,399,605**	

Transfers of allocations between campuses to correct for errors in allocation among the campuses of Indiana University can be made by the institution with the approval of the commission for higher education and the budget agency. Indiana University shall maintain current operations at all statewide medical education sites.

FOR INDIANA UNIVERSITY		
ABILENE NETWORK OPERATIONS CENTER		
Total Operating Expense	**707,707**	**707,707**
SPINAL CORD AND HEAD INJURY RESEARCH CENTER		
Total Operating Expense	**524,230**	**524,230**
MEDICAL EDUCATION CENTER EXPANSION		
Total Operating Expense	**2,000,000**	**2,000,000**

The above appropriations for medical education center expansion are intended to help increase medical school class size on a statewide basis. The funds shall be used to help increase enrollment and to provide clinical instruction. The funds shall be distributed to the nine (9) existing medical education centers in proportion to the increase in enrollment for each center.

STATE DEPARTMENT OF TOXICOLOGY		
Total Operating Expense	**2,093,873**	**2,093,873**
INSTITUTE FOR THE STUDY OF DEVELOPMENTAL DISABILITIES		
Total Operating Expense	**2,105,824**	**2,105,824**
GEOLOGICAL SURVEY		
Total Operating Expense	**2,636,907**	**2,636,907**
LOCAL GOVERNMENT ADVISORY COMMISSION		
Total Operating Expense	**48,062**	**48,062**
I-LIGHT NETWORK OPERATIONS		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**1,471,833**	**1,471,833**
FOR PURDUE UNIVERSITY		
WEST LAFAYETTE		
Total Operating Expense	**227,461,127**	**226,013,307**
Fee Replacement	**25,150,230**	**25,273,722**
FOR PURDUE UNIVERSITY - REGIONAL CAMPUSES		
CALUMET		
Total Operating Expense	**26,430,889**	**26,336,961**
Fee Replacement	**1,490,058**	**1,489,772**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
NORTH CENTRAL			
Total Operating Expense	**12,882,682**	**12,839,374**	
TOTAL APPROPRIATION - PURDUE UNIVERSITY REGIONAL CAMPUSES	**40,803,629**	**40,666,107**	
FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY AT FORT WAYNE (IPFW)			
Total Operating Expense	**38,148,942**	**38,055,001**	
Fee Replacement	**5,412,164**	**5,420,037**	

Transfers of allocations between campuses to correct for errors in allocation among the campuses of Purdue University can be made by the institution with the approval of the commission for higher education and the budget agency.

FOR PURDUE UNIVERSITY ANIMAL DISEASE DIAGNOSTIC LABORATORY SYSTEM			
Total Operating Expense	**3,449,706**	**3,449,706**	

The above appropriations shall be used to fund the animal disease diagnostic laboratory system (ADDL), which consists of the main ADDL at West Lafayette, the bangs disease testing service at West Lafayette, and the southern branch of ADDL Southern Indiana Purdue Agricultural Center (SIPAC) in Dubois County. The above appropriations are in addition to any user charges that may be established and collected under IC 21-46-3-5. Notwithstanding IC 21-46-3-4, the trustees of Purdue University may approve reasonable charges for testing for pseudorabies.

STATEWIDE TECHNOLOGY			
Total Operating Expense	**5,468,848**	**5,468,848**	
COUNTY AGRICULTURAL EXTENSION EDUCATORS			
Total Operating Expense	**7,234,605**	**7,234,605**	
AGRICULTURAL RESEARCH AND EXTENSION - CROSSROADS			
Total Operating Expense	**7,238,961**	**7,238,961**	
CENTER FOR PARALYSIS RESEARCH			
Total Operating Expense	**522,558**	**522,558**	
UNIVERSITY-BASED BUSINESS ASSISTANCE			
Total Operating Expense	**1,889,039**	**1,889,039**	
FOR INDIANA STATE UNIVERSITY			
Total Operating Expense	**66,131,064**	**65,786,381**	
Fee Replacement	**8,887,196**	**8,906,871**	
NURSING PROGRAM			
Total Operating Expense	**204,000**	**204,000**	

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
FOR UNIVERSITY OF SOUTHERN INDIANA			
Total Operating Expense	**39,585,295**	**39,466,379**	
Fee Replacement	**10,998,767**	**12,134,116**	
HISTORIC NEW HARMONY			
Total Operating Expense	**470,414**	**470,414**	
FOR BALL STATE UNIVERSITY			
Total Operating Expense	**116,011,204**	**115,396,025**	
Fee Replacement	**14,418,557**	**15,058,487**	
ENTREPRENEURIAL COLLEGE			
Total Operating Expense	**1,666,000**	**1,666,000**	
ACADEMY FOR SCIENCE, MATHEMATICS, AND HUMANITIES			
Total Operating Expense	**4,273,836**	**4,273,836**	
FOR VINCENNES UNIVERSITY			
Total Operating Expense	**36,499,261**	**36,317,072**	
Fee Replacement	**4,176,639**	**4,869,491**	
FOR IVY TECH COMMUNITY COLLEGE			
Total Operating Expense	**185,258,079**	**184,944,963**	
Fee Replacement	**29,817,924**	**30,805,687**	
VALPO NURSING PARTNERSHIP			
Total Operating Expense	**85,411**	**85,411**	
FT. WAYNE PUBLIC SAFETY TRAINING CENTER			
Total Operating Expense	**1,000,000**	**1,000,000**	
FOR THE INDIANA HIGHER EDUCATION TELECOMMUNICATIONS SYSTEM (IHETS)			
Build Indiana Fund (IC 4-30-17)			
Total Operating Expense	**491,438**	**491,438**	

The above appropriations do not include funds for the course development grant program.

The sums herein appropriated to Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, Ivy Tech Community College, and the Indiana Higher Education Telecommunications System (IHETS) are in addition to all income of said institutions and IHETS, respectively, from all permanent fees and endowments and from all land grants, fees, earnings, and receipts, including gifts, grants, bequests, and devises, and receipts from any miscellaneous sales from whatever source derived.

All such income and all such fees, earnings, and receipts on hand June 30, 2011, and all such income and fees, earnings, and receipts accruing thereafter are hereby appropriated to the boards of trustees or directors of the aforementioned institutions

and IHETS and may be expended for any necessary expenses of the respective institutions and IHETS, including university hospitals, schools of medicine, nurses' training schools, schools of dentistry, and agricultural extension and experimental stations. However, such income, fees, earnings, and receipts may be used for land and structures only if approved by the governor and the budget agency.

The foregoing appropriations to Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, Ivy Tech Community College, and IHETS include the employers' share of Social Security payments for university and IHETS employees under the public employees' retirement fund, or institutions covered by the Indiana state teachers' retirement fund. The funds appropriated also include funding for the employers' share of payments to the public employees' retirement fund and to the Indiana state teachers' retirement fund at a rate to be established by the retirement funds for both fiscal years for each institution and for IHETS employees covered by these retirement plans.

The treasurers of Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, and Ivy Tech Community College shall, at the end of each three (3) month period, prepare and file with the auditor of state a financial statement that shall show in total all revenues received from any source, together with a consolidated statement of disbursements for the same period. The budget director shall establish the requirements for the form and substance of the reports.

The reports of the treasurer also shall contain in such form and in such detail as the governor and the budget agency may specify, complete information concerning receipts from all sources, together with any contracts, agreements, or arrangements with any federal agency, private foundation, corporation, or other entity from which such receipts accrue.

All such treasurers' reports are matters of public record and shall include without limitation a record of the purposes of any and all gifts and trusts with the sole exception of the names of those donors who request to remain anonymous.

Notwithstanding IC 4-10-11, the auditor of state shall draw warrants to the treasurers of Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, and Ivy Tech Community College on the basis of vouchers stating the total amount claimed against each fund or account, or both, but not to exceed the legally made appropriations.

Notwithstanding IC 4-12-1-14, for universities and colleges supported in whole or in part by state funds, grant applications and lists of applications need only be submitted upon request to the budget agency for review and approval or disapproval and, unless disapproved by the budget agency, federal grant funds may be requested and spent without approval by the budget agency. Each institution shall retain the applications for a reasonable period of time and submit a list of all grant applications, at least monthly, to the commission for higher education for informational purposes.

For all university special appropriations, an itemized list of intended expenditures,

in such form as the governor and the budget agency may specify, shall be submitted to support the allotment request. All budget requests for university special appropriations shall be furnished in a like manner and as a part of the operating budgets of the state universities.

The trustees of Indiana University, the trustees of Purdue University, the trustees of Indiana State University, the trustees of University of Southern Indiana, the trustees of Ball State University, the trustees of Vincennes University, the trustees of Ivy Tech Community College and the directors of IHETS are hereby authorized to accept federal grants, subject to IC 4-12-1.

Fee replacement funds are to be distributed as requested by each institution, on payment due dates, subject to available appropriations.

FOR THE MEDICAL EDUCATION BOARD		
FAMILY PRACTICE RESIDENCY FUND		
Total Operating Expense	**1,909,998**	**1,909,998**

Of the foregoing appropriations for the medical education board-family practice residency fund, $1,000,000 each year shall be used for grants for the purpose of improving family practice residency programs serving medically underserved areas.

FOR THE COMMISSION FOR HIGHER EDUCATION		
Total Operating Expense	**1,255,225**	**1,255,225**
STATEWIDE TRANSFER WEB SITE		
Total Operating Expense	**1,047,649**	**1,047,649**
FOR THE DEPARTMENT OF ADMINISTRATION		
ANIMAL DISEASE DIAGNOSTIC LABORATORY LEASE RENTAL		
Total Operating Expense	**523,363**	**0**
COLUMBUS LEARNING CENTER LEASE PAYMENT		
Total Operating Expense	**4,959,000**	**5,048,000**
FOR THE STATE BUDGET AGENCY		
GIGAPOP PROJECT		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**656,158**	**656,158**
SOUTHERN INDIANA EDUCATIONAL ALLIANCE		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**1,090,452**	**1,090,452**
DEGREE LINK		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**460,245**	**460,245**

The above appropriations shall be used for the delivery of Indiana State University

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

baccalaureate degree programs at Ivy Tech Community College and Vincennes University locations through Degree Link.

WORKFORCE CENTERS		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**732,794**	**732,794**
MIDWEST HIGHER EDUCATION COMPACT		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**95,000**	**95,000**
FOR THE STATE STUDENT ASSISTANCE COMMISSION		
Total Operating Expense	**912,336**	**912,336**
FREEDOM OF CHOICE GRANTS		
Total Operating Expense	**50,350,913**	**50,350,913**
HIGHER EDUCATION AWARD PROGRAM		
Total Operating Expense	**147,666,658**	**147,666,658**
NURSING SCHOLARSHIP PROGRAM		
Total Operating Expense	**377,179**	**377,179**

For the higher education awards and freedom of choice grants made for the 2011-2013 biennium, the following guidelines shall be used, notwithstanding current administrative rule or practice:
(1) Financial Need: For purposes of these awards, financial need shall be limited to actual undergraduate tuition and fees for the prior academic year as established by the commission.
(2) Maximum Base Award: The maximum award shall not exceed the lesser of:
(A) eighty percent (80%) of actual prior academic year undergraduate tuition and fees; or
(B) eighty percent (80%) of the sum of the highest prior academic year undergraduate tuition and fees at any public institution of higher education and the lowest appropriation per full-time equivalent (FTE) undergraduate student at any public institution of higher education.
(3) Minimum Award: No actual award shall be less than $400.
(4) Award Size: A student's maximum award shall be reduced one (1) time:
(A) for dependent students, by the expected contribution from parents based upon information submitted on the financial aid application form; and
(B) for independent students, by the expected contribution derived from information submitted on the financial aid application form.
(5) Award Adjustment: The maximum base award may be adjusted by the commission, for any eligible recipient who fulfills college preparation requirements defined by the commission.
(6) Adjustment:
(A) If the dollar amounts of eligible awards exceed appropriations and program reserves, all awards may be adjusted by the commission by reducing the maximum award under subdivision (2)(A) or (2)(B).
(B) If appropriations and program reserves are sufficient and the maximum awards are not at the levels described in subdivision (2)(A) and (2)(B), all awards may be adjusted by the commission by proportionally increasing the awards to the maximum award under

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

that subdivision so that parity between those maxima is maintained but not exceeded.

STATUTORY FEE REMISSION		
Total Operating Expense	**24,496,750**	**28,656,200**
PART-TIME STUDENT GRANT DISTRIBUTION		
Total Operating Expense	**7,851,835**	**7,851,835**

Priority for awards made from the above appropriation shall be given first to eligible students meeting TANF income eligibility guidelines as determined by the family and social services administration and second to eligible students who received awards from the part-time grant fund during the school year associated with the biennial budget year. Funds remaining shall be distributed according to procedures established by the commission. The maximum grant that an applicant may receive for a particular academic term shall be established by the commission but shall in no case be greater than a grant for which an applicant would be eligible under IC 21-12-3 if the applicant were a full-time student. The commission shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

The family and social services administration, division of family resources, shall apply all qualifying expenditures for the part-time grant program toward Indiana's maintenance of effort under the federal Temporary Assistance for Needy Families (TANF) program (45 CFR 260 et seq.).

CONTRACT FOR INSTRUCTIONAL OPPORTUNITIES IN SOUTHEASTERN INDIANA		
Total Operating Expense	**207,000**	**207,000**
MINORITY TEACHER SCHOLARSHIP FUND		
Total Operating Expense	**415,919**	**415,919**
COLLEGE WORK STUDY PROGRAM		
Total Operating Expense	**837,719**	**837,719**
21ST CENTURY ADMINISTRATION		
Total Operating Expense	**1,892,383**	**1,892,383**
21ST CENTURY SCHOLAR AWARDS		
Total Operating Expense	**44,523,040**	**63,141,876**

The commission shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR 265.

Family and social services administration, division of family resources, shall apply all qualifying expenditures for the 21st century scholars program toward Indiana's maintenance of effort under the federal Temporary Assistance for Needy Families (TANF) program (45 CFR 260 et seq.).

NATIONAL GUARD SCHOLARSHIP		
Total Operating Expense	**2,806,588**	**2,806,588**

The above appropriations for national guard scholarship and any program reserves

existing on June 30, 2011, shall be the total allowable state expenditure for the program in the 2011-2013 biennium. If the dollar amounts of eligible awards exceed appropriations and program reserves, the state student assistance commission shall develop a plan to ensure that the total dollar amount does not exceed the above appropriations and any program reserves.

B. ELEMENTARY AND SECONDARY EDUCATION

FOR THE DEPARTMENT OF EDUCATION

STATE BOARD OF EDUCATION		
Total Operating Expense	**3,700,716**	**3,700,716**

The foregoing appropriations for the Indiana state board of education are for the education roundtable established by IC 20-19-4-2; for the academic standards project to distribute copies of the academic standards and provide teachers with curriculum frameworks; for special evaluation and research projects including national and international assessments; and for state board and roundtable administrative expenses.

SUPERINTENDENT'S OFFICE		
From the General Fund		
	8,495,125	**8,495,125**
From the Professional Standards Fund (IC 20-28-2-10)		
	395,000	**395,000**
Augmentation allowed from the Professional Standards Fund.		

The amounts specified from the General Fund and the Professional Standards Fund are for the following purposes:

Personal Services	**7,260,090**	**7,260,090**
Other Operating Expense	**1,630,035**	**1,630,035**

PUBLIC TELEVISION DISTRIBUTION		
Total Operating Expense	**1,610,000**	**1,610,000**

The above appropriations are for grants for public television. The Indiana Public Broadcasting Stations, Inc., shall submit a distribution plan for the eight Indiana public education television stations that shall be approved by the budget agency after review by the budget committee. Of the above appropriations, $230,000 each year shall be distributed equally among all of the public radio stations.

RILEY HOSPITAL		
Total Operating Expense	**23,715**	**23,715**
BEST BUDDIES		
Total Operating Expense	**212,500**	**212,500**
MOTORCYCLE OPERATOR SAFETY EDUCATION FUND		
Safety Education Fund (IC 20-30-13-11)		
Personal Services	**69,015**	**69,015**
Other Operating Expense	**915,015**	**915,015**
Augmentation allowed.		

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

The foregoing appropriations for the motorcycle operator safety education fund are from the motorcycle operator safety education fund created by IC 20-30-13-11.

SCHOOL TRAFFIC SAFETY		
Motor Vehicle Highway Account (IC 8-14-1)		
Personal Services	**146,750**	**146,750**
Other Operating Expense	**105,733**	**105,733**
Augmentation allowed.		
EDUCATION LICENSE PLATE FEES		
Education License Plate Fees Fund (IC 9-18-31)		
Total Operating Expense	**115,569**	**115,569**
ACCREDITATION SYSTEM		
Personal Services	**327,512**	**327,512**
Other Operating Expense	**395,352**	**395,352**
SPECIAL EDUCATION (S-5)		
Total Operating Expense	**24,750,000**	**24,750,000**

The foregoing appropriations for special education are made under IC 20-35-6-2.

SPECIAL EDUCATION EXCISE		
Alcoholic Beverage Excise Tax Funds (IC 20-35-4-4)		
Personal Services	**137,962**	**137,962**
Other Operating Expense	**248,565**	**248,565**
Augmentation allowed.		
CAREER AND TECHNICAL EDUCATION		
Personal Services	**1,084,381**	**1,084,381**
Other Operating Expense	**128,522**	**128,522**
TRANSFER TUITION (STATE EMPLOYEES' CHILDREN AND ELIGIBLE CHILDREN IN MENTAL HEALTH FACILITIES)		
Total Operating Expense	**7,000**	**7,000**

The foregoing appropriations for transfer tuition (state employees' children and eligible children in mental health facilities) are made under IC 20-26-11-8 and IC 20-26-11-10.

TEACHERS' SOCIAL SECURITY AND RETIREMENT DISTRIBUTION		
Total Operating Expense	**2,403,792**	**2,403,792**

The foregoing appropriations shall be distributed by the department of education on a monthly basis and in approximately equal payments to special education cooperatives, area career and technical education schools, and other governmental entities that received state teachers' Social Security distributions for certified education personnel (excluding the certified education personnel funded through federal grants) during the fiscal year beginning July 1, 1992, and ending June 30, 1993, and for the units under the Indiana state teacher's retirement fund, the amount they received during the 2002-2003 state fiscal year for teachers' retirement. If the total amount to be distributed is greater than the total appropriation, the department of education shall reduce each

entity's distribution proportionately.

DISTRIBUTION FOR TUITION SUPPORT

Total Operating Expense	**6,263,200,000**	**6,309,100,000**

The foregoing appropriations for distribution for tuition support are to be distributed for tuition support, special education programs, career and technical education programs, honors grants, Mitch Daniels early graduation scholarships, and the primetime program in accordance with a statute enacted for this purpose during the 2011 session of the general assembly.

If the above appropriations for distribution for tuition support are more than are required under this SECTION, any excess shall revert to the general fund.

The above appropriations for tuition support shall be made each calendar year under a schedule set by the budget agency and approved by the governor. However, the schedule shall provide for at least twelve (12) payments, that one (1) payment shall be made at least every forty (40) days, and the aggregate of the payments in each calendar year shall equal the amount required under the statute enacted for the purpose referred to above.

DISTRIBUTION FOR SUMMER SCHOOL

Other Operating Expense	**18,360,000**	**18,360,000**

It is the intent of the 2011 general assembly that the above appropriations for summer school shall be the total allowable state expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for that state fiscal year, then the department of education shall reduce the distributions proportionately.

EARLY INTERVENTION PROGRAM AND READING DIAGNOSTIC ASSESSMENT

Total Operating Expense	**4,012,000**	**4,012,000**

The above appropriation for the early intervention program may be used for grants to local school corporations for grant proposals for early intervention programs.

The foregoing appropriations may be used by the department for the reading diagnostic assessment and subsequent remedial programs or activities. The reading diagnostic assessment program, as approved by the board, is to be made available on a voluntary basis to all Indiana public and nonpublic school first and second grade students upon the approval of the governing body of school corporations. The board shall determine how the funds will be distributed for the assessment and related remediation. The department or its representative shall provide progress reports on the assessment as requested by the board and the education roundtable.

ADULT EDUCATION DISTRIBUTION

Total Operating Expense	**12,600,000**	**12,600,000**

It is the intent of the 2011 general assembly that the above appropriations for adult

education shall be the total allowable state expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for a state fiscal year, the department of education shall reduce the distributions proportionately.

NATIONAL SCHOOL LUNCH PROGRAM		
Total Operating Expense	**5,125,000**	**5,125,000**
MARION COUNTY DESEGREGATION COURT ORDER		
Total Operating Expense	**14,000,000**	**10,000,000**

The foregoing appropriations for court ordered desegregation costs are made under order No. IP 68-C-225-S of the United States District Court for the Southern District of Indiana. If the sums herein appropriated are insufficient to enable the state to meet its obligations, then there are hereby appropriated from the state general fund such further sums as may be necessary for such purpose.

CHARTER SCHOOL FACILITIES ASSISTANCE PROGRAM		
Charter School Facilities Assistance Fund (IC 20-24-12-4)		
Total Operating Expense	**8,000,000**	**9,000,000**

Of the above appropriation, $8,000,000 shall be transferred in FY 2012 and $9,000,000 in FY 2013 from the common school fund interest balance to the charter school facilities assistance fund.

TEXTBOOK REIMBURSEMENT		
Total Operating Expense	**39,000,000**	**39,000,000**

Before a school corporation or an accredited nonpublic school may receive a distribution under the textbook reimbursement program, the school corporation or accredited nonpublic school shall provide to the department the requirements established in IC 20-33-5-2. The department shall provide to the family and social services administration (FSSA) all data required for FSSA to meet the data collection reporting requirement in 45 CFR 265. Family and social services administration, division of family resources, shall apply all qualifying expenditures for the textbook reimbursement program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

The foregoing appropriations for textbook reimbursement include the appropriation of the common school fund interest balance that is not appropriated for another purpose. The remainder of the above appropriations are provided from the state general fund.

FULL-DAY KINDERGARTEN		
Total Operating Expense	**81,900,000**	**81,900,000**

The above appropriations for full-day kindergarten are available to school corporations and charter schools that apply to the department of education for funding of full-day kindergarten. The amount available to a school corporation or charter school equals the amount appropriated divided by the total full day kindergarten enrollment of all

participating school corporations and charter schools (as defined in IC 20-43-1-4) for the current year, and then multiplied by the school corporation's or charter school's full day kindergarten enrollment of eligible pupils (as defined in IC 20-43-1-11) for the current year. However, a school corporation or charter school may not receive more than $2,500 dollars per student for full day kindergarten. A school corporation or charter school that is awarded a grant must provide to the department of education a financial report stating how the funds were spent. Any unspent funds at the end of the biennium must be returned to the state by the school corporation or charter school.

To provide full day kindergarten programs, a school corporation or charter school that determines there is inadequate space to offer a program in the school corporation's or charter school's existing facilities may offer the program in any suitable space located within the geographic boundaries of the school corporation or, in the case of a charter school, a location that is in the general vicinity of the charter school's existing facilities. A full day kindergarten program offered by a school corporation or charter school must meet the academic standards and other requirements of IC 20.

A school corporation or charter school that receives a grant must meet the academic standards and other requirements of IC 20.

In awarding grants from the above appropriations, the department of education may not refuse to make a grant to a school corporation or reduce the award that would otherwise be made to the school corporation because the school corporation used federal grants or loans, including Title I grants, to fund part or all of the school corporation's full day kindergarten program in a school year before the school year in which the grant will be given or because the school corporation intends to use federal grants or loans, including Title I grants, to fund part of the school corporation's full day kindergarten program in a school year in which the grant will be given.

The state board and department shall provide support to school corporations and charter schools in the development and implementation of child centered and learning focused programs using the following methods:

(1) Targeting professional development funds to provide teachers in kindergarten through grade 3 education in:

(A) scientifically proven methods of teaching reading;

(B) the use of data to guide instruction; and

(C) the use of age appropriate literacy and mathematics assessments.

(2) Making uniform, predictively valid, observational assessments that:

(A) provide frequent information concerning the student's progress to the student's teacher; and

(B) measure the student's progress in literacy;

available to teachers in kindergarten through grade 3. Teachers shall monitor students participating in a program, and the school corporation or charter school shall report the results of the assessments to the parents of a child completing an assessment and to the department.

(3) Undertaking a longitudinal study of students in programs in Indiana to determine the achievement levels of the students in kindergarten and later grades.

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

The school corporation or charter school may use any funds otherwise allowable under state and federal law, including the school corporation's general fund, any funds available to the charter school, or voluntary parent fees, to provide full day kindergarten programs.

TESTING AND REMEDIATION		
Total Operating Expense	**46,229,643**	**46,229,643**

The above appropriations for testing and remediation include funds for graduation exam remediation, the advanced placement program, the PSAT or ACT program, and other testing designed to measure college and career readiness as selected by the department of education. The appropriations for the advanced placement program and PSAT or ACT program are to provide funding for students of accredited public and nonpublic schools.

Prior to notification of local school corporations of the formula and components of the formula for distributing funds for remediation and graduation exam remediation, review and approval of the formula and components shall be made by the budget agency.

The above appropriation for testing and remediation shall be used by school corporations to provide remediation programs for students who attend public and nonpublic schools. For purposes of tuition support, these students are not to be counted in the average daily membership. Of the above appropriation for testing and remediation, $500,000 each year shall be used for ACT/SAT test preparation.

NON-ENGLISH SPEAKING PROGRAM		
Other Operating Expense	**6,000,000**	**7,000,000**

The above appropriations for the Non-English Speaking Program are for pupils who have a primary language other than English and limited English proficiency, as determined by using a standard proficiency examination that has been approved by the department of education.

The grant amount is two hundred dollars ($200) per pupil. It is the intent of the 2011 general assembly that the above appropriations for the Non-English Speaking Program shall be the total allowable state expenditure for the program. If the expected distributions are anticipated to exceed the total appropriations for the state fiscal year, the department of education shall reduce each school corporation's distribution proportionately.

GIFTED AND TALENTED EDUCATION PROGRAM		
Personal Services	**63,349**	**63,349**
Other Operating Expense	**12,484,747**	**12,484,747**

DISTRIBUTION FOR ADULT VOCATIONAL EDUCATION		
Total Operating Expense	**212,500**	**212,500**

The distribution for adult career and technical education programs shall be made

in accordance with the state plan for vocational education.

EXCELLENCE IN PERFORMANCE AWARDS FOR TEACHERS		
Total Operating Expense	**6,000,000**	**9,000,000**

The above appropriations may only be used to make grants to school corporations and charter schools to be used to make cash awards to effective and highly effective teachers. The department shall develop a program to administer the program. The program shall include guidelines that permit all school corporations and charter schools to apply for a grant. The guidelines must specify that in order to receive a grant a school must have a system of performance evaluations that meets the requirements of IC 20-28-11.5. The above funds are available for allotment by the budget agency after review by the budget committee.

PRIMETIME		
Personal Services	**94,115**	**94,115**
Other Operating Expense	**70,415**	**70,415**
DRUG FREE SCHOOLS		
Total Operating Expense	**56,656**	**56,656**
INNOVATION FUND		
Other Operating Expense	**2,500,000**	**2,500,000**

The foregoing appropriation may be used for the Woodrow Wilson teaching fellowship program for new math and science teachers in underserved areas and to support start-up costs to establish New Tech high schools in Indiana. In addition, the above appropriation includes $50,000 each state fiscal year for the Center for Evaluation and Education Policy.

ALTERNATIVE EDUCATION		
Total Operating Expense	**6,382,909**	**6,382,909**

The above appropriation includes funding to provide $5,000 for each child attending a charter school operated by an accredited hospital specializing in the treatment of alcohol or drug abuse. This funding is in addition to tuition support for the charter school.

The foregoing appropriation for alternative education may be used for dropout prevention defined under IC 20-20-37.

SENATOR DAVID C. FORD EDUCATIONAL TECHNOLOGY PROGRAM (IC 20-20-13)		
Build Indiana Fund (IC 4-30-17)		
Total Operating Expense	**3,428,969**	**3,428,969**

The department shall use the funds to make grants to school corporations to promote student learning through the use of technology. Notwithstanding distribution guidelines in IC 20-20-13, the department shall develop guidelines for distribution of the grants. Up to $200,000 may be used each year to support the operation of the office of the special assistant to the superintendent of public instruction for technology.

PROFESSIONAL STANDARDS DIVISION

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

From the General Fund

2,766,038 2,766,038

From the Professional Standards Fund (IC 20-28-2-10)

86,159 86,159

Augmentation allowed.

The amounts specified from the General Fund and the Professional Standards Fund are for the following purposes:

Personal Services	**1,566,944**	**1,566,944**
Other Operating Expense	**1,285,253**	**1,285,253**

The above appropriations for the Professional Standards Division do not include funds to pay stipends for mentor teachers.

FOR THE INDIANA STATE TEACHERS' RETIREMENT FUND

POSTRETIREMENT PENSION INCREASES

Other Operating Expense	**65,286,000**	**67,248,000**

The appropriations for postretirement pension increases are made for those benefits and adjustments provided in IC 5-10.4 and IC 5-10.2-5.

TEACHERS' RETIREMENT FUND DISTRIBUTION

Other Operating Expense	**660,114,000**	**679,952,000**

Augmentation allowed.

If the amount actually required under the pre-1996 account of the teachers' retirement fund for actual benefits for the Post Retirement Pension Increases that are funded on a "pay as you go" basis plus the base benefits under the pre-1996 account of the teachers' retirement fund is:

(1) greater than the above appropriations for a year, after notice to the governor and the budget agency of the deficiency, the above appropriation for the year shall be augmented from the general fund. Any augmentation shall be included in the required pension stabilization calculation under IC 5-10.4; or

(2) less than the above appropriations for a year, the excess shall be retained in the general fund. The portion of the benefit funded by the annuity account and the actuarially funded Post Retirement Pension Increases shall not be part of this calculation.

C. OTHER EDUCATION

FOR THE EDUCATION EMPLOYMENT RELATIONS BOARD

Personal Services	**1,247,479**	**1,247,479**
Other Operating Expense	**296,868**	**296,868**

FOR THE STATE LIBRARY

Personal Services	**2,465,118**	**2,465,118**
Other Operating Expense	**459,140**	**459,140**

STATEWIDE LIBRARY SERVICES

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Total Operating Expense	**1,354,478**	**1,354,478**	

The foregoing appropriations for statewide library services will be used to provide services to libraries across the state. These services may include, but will not be limited to, programs including Wheels, I*Ask, and professional development. The state library shall identify statewide library services that are to be provided by a vendor. Those services identified by the library shall be procured through a competitive process using one (1) or more requests for proposals covering the service.

LIBRARY SERVICES FOR THE BLIND - ELECTRONIC NEWSLINES			
Other Operating Expense	**36,000**	**36,000**	
ACADEMY OF SCIENCE			
Total Operating Expense	**7,489**	**7,489**	
FOR THE ARTS COMMISSION			
Personal Services	**429,822**	**429,822**	
Other Operating Expense	**2,292,191**	**2,292,191**	

The foregoing appropriation to the arts commission includes $325,000 each year to provide grants under IC 4-23-2.5 to:
(1) the arts organizations that have most recently qualified for general operating support as major arts organizations as determined by the arts commission; and
(2) the significant regional organizations that have most recently qualified for general operating support as mid-major arts organizations, as determined by the arts commission and its regional re-granting partners.

FOR THE HISTORICAL BUREAU			
Personal Services	**307,336**	**307,336**	
Other Operating Expense	**8,468**	**8,468**	
HISTORICAL MARKER PROGRAM			
Total Operating Expense			**21,628**
FOR THE COMMISSION ON PROPRIETARY EDUCATION			
Personal Services	**250,622**	**250,622**	
Other Operating Expense	**22,928**	**22,928**	

SECTION 10. [EFFECTIVE JULY 1, 2011]

DISTRIBUTIONS

FOR THE AUDITOR OF STATE

GAMING TAX			
Total Operating Expense	**161,500,000**	**161,500,000**	

SECTION 11. [EFFECTIVE JULY 1, 2011]

The following allocations of federal funds are available for career and technical

education under the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 et seq. for Career and Technical Education). These funds shall be received by the state board of education, and may be allocated by the budget agency after consultation with the board of education and any other state agencies, commissions, or organizations required by state law. Funds shall be allocated to these agencies in accordance with the allocations specified below:

STATE PROGRAMS AND LEADERSHIP	**2,543,246**	**2,533,482**
SECONDARY VOCATIONAL PROGRAMS	**14,238,694**	**14,182,825**
POSTSECONDARY VOCATIONAL PROGRAMS	**8,156,232**	**8,124,229**
TECHNOLOGY - PREPARATION EDUCATION	**2,463,650**	**2,463,650**

SECTION 12. [EFFECTIVE JULY 1, 2011]

In accordance with IC 20-20-38, the budget agency, with the advice of the board of education and the budget committee, may proportionately augment or reduce an allocation of federal funds made under SECTION 11 of this act.

SECTION 13. [EFFECTIVE JULY 1, 2011]

Utility bills for the month of June, travel claims covering the period June 16 to June 30, payroll for the period of the last half of June, any interdepartmental bills for supplies or services for the month of June, and any other miscellaneous expenses incurred during the period June 16 to June 30 shall be charged to the appropriation for the succeeding year. No interdepartmental bill shall be recorded as a refund of expenditure to any current year allotment account for supplies or services rendered or delivered at any time during the preceding June period.

SECTION 14. [EFFECTIVE JULY 1, 2011]

The budget agency, under IC 4-10-11, IC 4-12-1-13, and IC 4-13-1, in cooperation with the Indiana department of administration, may fix the amount of reimbursement for traveling expenses (other than transportation) for travel within the limits of Indiana. This amount may not exceed actual lodging and miscellaneous expenses incurred. A person in travel status, as defined by the state travel policies and procedures established by the Indiana department of administration and the budget agency, is entitled to a meal allowance not to exceed during any twenty-four (24) hour period the standard meal allowances established by the federal Internal Revenue Service.

All appropriations provided by this act or any other statute, for traveling and hotel expenses for any department, officer, agent, employee, person, trustee, or commissioner, are to be used only for travel within the state of Indiana, unless those expenses are incurred in traveling outside the state of Indiana on trips that previously have received approval as required by the state travel policies and procedures established by the Indiana department of administration and the budget

agency. With the required approval, a reimbursement for out-of-state travel expenses may be granted in an amount not to exceed actual lodging and miscellaneous expenses incurred. A person in travel status is entitled to a meal allowance not to exceed during any twenty-four (24) hour period the standard meal allowances established by the federal Internal Revenue Service for properly approved travel within the continental United States and a minimum of $50 during any twenty-four (24) hour period for properly approved travel outside the continental United States. However, while traveling in Japan, the minimum meal allowance shall not be less than $90 for any twenty-four (24) hour period. While traveling in Korea and Taiwan, the minimum meal allowance shall not be less than $85 for any twenty-four (24) hour period. While traveling in Singapore, China, Great Britain, Germany, the Netherlands, and France, the minimum meal allowance shall not be less than $65 for any twenty-four (24) hour period.

In the case of the state supported institutions of postsecondary education, approval for out-of-state travel may be given by the chief executive officer of the institution, or the chief executive officer's authorized designee, for the chief executive officer's respective personnel.

Before reimbursing overnight travel expenses, the auditor of state shall require documentation as prescribed in the state travel policies and procedures established by the Indiana department of administration and the budget agency. No appropriation from any fund may be construed as authorizing the payment of any sum in excess of the standard mileage rates for personally owned transportation equipment established by the federal Internal Revenue Service when used in the discharge of state business. The Indiana department of administration and the budget agency may adopt policies and procedures relative to the reimbursement of travel and moving expenses of new state employees and the reimbursement of travel expenses of prospective employees who are invited to interview with the state.

SECTION 15. [EFFECTIVE JULY 1, 2011]

Notwithstanding IC 4-10-11-2.1, the salary per diem of members of boards, commissions, and councils who are entitled to a salary per diem is $50 per day. However, members of boards, commissions, or councils who receive an annual or a monthly salary paid by the state are not entitled to the salary per diem provided in IC 4-10-11-2.1.

SECTION 16. [EFFECTIVE JULY 1, 2011]

No payment for personal services shall be made by the auditor of state unless the payment has been approved by the budget agency or the designee of the budget agency.

SECTION 17. [EFFECTIVE JULY 1, 2011]

No warrant for operating expenses, capital outlay, or fixed charges shall be issued to any department or an institution unless the receipts of the department or institution have been deposited into the state treasury for the month. However, if a department or an institution has more than $10,000 in daily receipts, the receipts shall be deposited into the state treasury daily.

SECTION 18. [EFFECTIVE JULY 1, 2011]

In case of loss by fire or any other cause involving any state institution or department, the proceeds derived from the settlement of any claim for the loss shall be deposited in the state treasury, and the amount deposited is hereby reappropriated to the institution or department for the purpose of replacing the loss. If it is determined that the loss shall not be replaced, any funds received from the settlement of a claim shall be deposited into the state general fund.

SECTION 19. [EFFECTIVE JULY 1, 2011]

If an agency has computer equipment in excess of the needs of that agency, then the excess computer equipment may be sold under the provisions of surplus property sales, and the proceeds of the sale or sales shall be deposited in the state treasury. The amount so deposited is hereby reappropriated to that agency for other operating expenses of the then current year, if approved by the director of the budget agency.

SECTION 20. [EFFECTIVE JULY 1, 2011]

If any state penal or benevolent institution other than the Indiana state prison, Pendleton correctional facility, or Putnamville correctional facility shall, in the operation of its farms, produce products or commodities in excess of the needs of the institution, the surplus may be sold through the division of industries and farms, the director of the supply division of the Indiana department of administration, or both. The proceeds of any such sale or sales shall be deposited in the state treasury. The amount deposited is hereby reappropriated to the institution for expenses of the then current year if approved by the director of the budget agency. The exchange between state penal and benevolent institutions of livestock for breeding purposes only is hereby authorized at valuations agreed upon between the superintendents or wardens of the institutions. Capital outlay expenditures may be made from the institutional industries and farms revolving fund if approved by the budget agency and the governor.

SECTION 21. [EFFECTIVE JULY 1, 2011]

This act does not authorize any rehabilitation and repairs to any state buildings, nor does it allow that any obligations be incurred for lands and structures, without the prior approval of the budget director or the director's designee. This SECTION does not apply to contracts for the state universities supported in whole or in part by state funds.

SECTION 22. [EFFECTIVE JULY 1, 2011]

If an agency has an annual appropriation fixed by law, and if the agency also receives an appropriation in this act for the same function or program, the appropriation in this act supersedes any other appropriations and is the total appropriation for the agency for that program or function.

SECTION 23. [EFFECTIVE JULY 1, 2011]

The balance of any appropriation or funds heretofore placed or remaining to the credit of any division of the state of Indiana, and any appropriation or funds provided in this act placed to the credit of any division of the state of Indiana, the powers, duties, and functions whereof are assigned and transferred to any department for salaries, maintenance, operation, construction, or other expenses in the exercise of such powers, duties, and functions, shall be transferred to the credit of the department to which such assignment and transfer is made, and the same shall be available for the objects and purposes for which appropriated originally.

SECTION 24. [EFFECTIVE JULY 1, 2011]

The director of the division of procurement of the Indiana department of administration, or any other person or agency authorized to make purchases of equipment, shall not honor any requisition for the purchase of an automobile that is to be paid for from any appropriation made by this act or any other act, unless the following facts are shown to the satisfaction of the commissioner of the Indiana department of administration or the commissioner's designee:
(1) In the case of an elected state officer, it shall be shown that the duties of the office require driving about the state of Indiana in the performance of official duty.
(2) In the case of department or commission heads, it shall be shown that the statutory duties imposed in the discharge of the office require traveling a greater distance than one thousand (1,000) miles each month or that they are subject to official duty call at all times.
(3) In the case of employees, it shall be shown that the major portion of the duties assigned to the employee require travel on state business in excess of one thousand (1,000) miles each month, or that the vehicle is identified by the agency as an integral part of the job assignment.

In computing the number of miles required to be driven by a department head or an employee, the distance between the individual's home and office or designated official station is not to be considered as a part of the total. Department heads shall annually submit justification for the continued assignment of each vehicle in their department, which shall be reviewed by the commissioner of the Indiana department of administration, or the commissioner's designee. There shall be an insignia permanently affixed on each side of all state owned cars, designating the cars as being state owned. However, this requirement does not apply to state owned cars driven by elected state officials or to cases where the commissioner of the Indiana department of administration or the commissioner's designee determines that affixing insignia on state owned cars would hinder or handicap the persons driving the cars in the performance of their official duties.

SECTION 25. [EFFECTIVE JULY 1, 2011]

When budget agency approval or review is required under this act, the budget agency may refer to the budget committee any budgetary or fiscal matter for an advisory recommendation. The budget committee may hold hearings and take any actions authorized by IC 4-12-1-11, and may make an advisory recommendation to the budget

agency.

SECTION 26. [EFFECTIVE JULY 1, 2011]

The governor of the state of Indiana is solely authorized to accept on behalf of the state any and all federal funds available to the state of Indiana. Federal funds received under this SECTION are appropriated for purposes specified by the federal government, subject to allotment by the budget agency. The provisions of this SECTION and all other SECTIONS concerning the acceptance, disbursement, review, and approval of any grant, loan, or gift made by the federal government or any other source to the state or its agencies and political subdivisions shall apply, notwithstanding any other law.

SECTION 27. [EFFECTIVE JULY 1, 2011]

Federal funds received as revenue by a state agency or department are not available to the agency or department for expenditure until allotment has been made by the budget agency under IC 4-12-1-12(d).

SECTION 28. [EFFECTIVE JULY 1, 2011]

A contract or an agreement for personal services or other services may not be entered into by any agency or department of state government without the approval of the budget agency or the designee of the budget director.

SECTION 29. [EFFECTIVE JULY 1, 2011]

Except in those cases where a specific appropriation has been made to cover the payments for any of the following, the auditor of state shall transfer, from the personal services appropriations for each of the various agencies and departments, necessary payments for Social Security, public employees' retirement, health insurance, life insurance, and any other similar payments directed by the budget agency.

SECTION 30. [EFFECTIVE JULY 1, 2011]

Subject to SECTION 25 of this act as it relates to the budget committee, the budget agency with the approval of the governor may withhold allotments of any or all appropriations contained in this act for the 2011-2013 biennium, if it is considered necessary to do so in order to prevent a deficit financial situation.

SECTION 31. [EFFECTIVE JULY 1, 2011]

CONSTRUCTION

For the 2011-2013 biennium, the following amounts, from the funds listed as follows, are hereby appropriated to provide for the construction, reconstruction, rehabilitation, repair, purchase, rental, and sale of state properties, capital lease rentals, and the purchase and sale of land, including equipment for such properties and other projects

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

as specified.

State General Fund - Lease Rentals
465,097,245
State General Fund - Construction
117,528,678
State Police Building Commission Fund (IC 9-29-1-4)
5,012,998
Law Enforcement Academy Building Fund (IC 5-2-1-13(a))
830,727
Cigarette Tax Fund (IC 6-7-1-29.1)
3,600,000
Veterans' Home Building Fund (IC 10-17-9-7)
6,739,557
Postwar Construction Fund (IC 7.1-4-8-1)
34,798,599
Regional Health Care Construction Account (IC 4-12-8.5)
21,861,105
Build Indiana Fund (IC 4-30-17)
2,400,000
State Highway Fund (IC 8-23-9-54)
25,000,000

TOTAL 682,868,909

The allocations provided under this SECTION are made from the state general fund, unless specifically authorized from other designated funds by this act. The budget agency, with the approval of the governor, in approving the allocation of funds pursuant to this SECTION, shall consider, as funds are available, allocations for the following specific uses, purposes, and projects:

A. GENERAL GOVERNMENT

FOR THE STATE BUDGET AGENCY	
Health and Safety Contingency Fund	**5,000,000**
Aviation Technology Center	**2,222,863**
Airport Facilities Lease	**43,778,704**
Stadium Lease Rental	**172,762,732**
Convention Center Lease Rental	**50,323,534**
DEPARTMENT OF ADMINISTRATION - PROJECTS	
Preventive Maintenance	**7,841,835**
Repair and Rehabilitation	**1,121,250**
DEPARTMENT OF ADMINISTRATION - LEASES	
General Fund	
Lease - Government Center North	**33,875,765**
Lease - Government Center South	**25,923,323**
Lease - State Museum	**16,037,296**
Lease - McCarty Street Warehouse	**1,564,000**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Lease - Parking Garages			**7,367,193**
Lease - Toxicology Lab			**10,424,212**
Lease - Wabash Valley Correctional			**16,879,348**
Lease - Miami Correctional			**47,549,595**
Lease - Pendleton Juvenile Correctional			**9,679,060**
Lease - New Castle Correctional			**26,709,620**
Postwar Construction Fund (IC 7.1-4-8-1)			
Lease - Rockville Correctional			**11,160,288**
Regional Health Care Construction Account (IC 4-12-8.5)			
Lease - Evansville State Hospital			**6,067,971**
Lease - Southeast Regional Treatment			**9,412,548**
Lease - Logansport State Hospital			**6,380,586**
B. PUBLIC SAFETY			
(1) LAW ENFORCEMENT			
INDIANA STATE POLICE			
State Police Building Commission Fund (IC 9-29-1-4)			
Preventive Maintenance			**1,266,998**
Patrol Vehicles			**3,000,000**
Repair and Rehabilitation			**746,000**
LAW ENFORCEMENT TRAINING BOARD			
Law Enforcement Academy Building Fund (IC 5-2-1-13(a))			
Preventive Maintenance			**330,727**
Repair and Rehabilitation			**500,000**
ADJUTANT GENERAL			
Preventive Maintenance			**250,000**
(2) CORRECTIONS			
DEPARTMENT OF CORRECTION - PROJECTS			
Preventive Maintenance			**76,828**
STATE PRISON			
Preventive Maintenance			**954,492**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**3,498,000**
PENDLETON CORRECTIONAL FACILITY			
Preventive Maintenance			**1,257,064**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**3,715,000**
WOMEN'S PRISON			
Preventive Maintenance			**322,804**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**212,500**
NEW CASTLE CORRECTIONAL FACILITY			
Preventive Maintenance			**350,388**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**365,000**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
PUTNAMVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**864,822**
Postwar Construction Fund (IC 7.1-4-8-1)			
Construct New Fire Station			**250,000**
Repair and Rehabilitation			**1,570,000**
INDIANAPOLIS RE-ENTRY EDUCATION FACILITY			
Preventive Maintenance			**538,832**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**291,000**
BRANCHVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**272,932**
WESTVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**806,330**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**2,300,000**
ROCKVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**357,296**
PLAINFIELD CORRECTIONAL FACILITY			
Preventive Maintenance			**663,704**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**966,000**
RECEPTION AND DIAGNOSTIC CENTER			
Preventive Maintenance			**214,464**
Postwar Construction Fund (IC 7.1-4-8-1)			
Fire Egress Stairwells			**400,000**
Repair and Rehabilitation			**342,000**
CORRECTIONAL INDUSTRIAL FACILITY			
Preventive Maintenance			**584,172**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,026,000**
WABASH VALLEY CORRECTIONAL FACILITY			
Preventive Maintenance			**608,820**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**160,000**
CHAIN O' LAKES CORRECTIONAL FACILITY			
Preventive Maintenance			**76,828**
Postwar Construction Fund (IC 7.1-4-8-1)			
Construct New Maintenance Building			**180,000**
Construct New Dormitory			**320,000**
MADISON CORRECTIONAL FACILITY			
Preventive Maintenance			**1,000,000**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**90,000**
MIAMI CORRECTIONAL FACILITY			
Preventive Maintenance			**664,560**
CAMP SUMMIT CORRECTIONAL FACILITY			
Preventive Maintenance			**200,000**
EDINBURGH CORRECTIONAL FACILITY			
Preventive Maintenance			**200,000**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
HENRYVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**100,000**
PENDLETON JUVENILE CORRECTIONAL FACILITY			
Preventive Maintenance			**228,738**
NORTH CENTRAL JUVENILE CORRECTIONAL FACILITY			
Preventive Maintenance			**200,000**
SOUTH BEND JUVENILE CORRECTIONAL FACILITY			
Preventive Maintenance			**134,280**
C. CONSERVATION AND ENVIRONMENT			
DEPARTMENT OF NATURAL RESOURCES - GENERAL ADMINISTRATION			
Preventive Maintenance			**206,400**
Repair and Rehabilitation			**697,500**
FISH AND WILDLIFE			
Preventive Maintenance			**2,679,158**
Repair and Rehabilitation			**1,020,000**
FORESTRY			
Preventive Maintenance			**2,087,400**
Repair and Rehabilitation			**1,636,000**
MUSEUMS AND HISTORIC SITES			
Preventive Maintenance			**881,650**
Repair and Rehabilitation			**1,117,317**
NATURE PRESERVES			
Preventive Maintenance			**229,500**
Repair and Rehabilitation			**818,972**
OUTDOOR RECREATION			
Preventive Maintenance			**52,000**
Repair and Rehabilitation			**238,645**
STATE PARKS AND RESERVOIR MANAGEMENT			
Preventive Maintenance			**3,079,350**
Repair and Rehabilitation			**9,574,996**
State Parks Bond Payments			**941,028**
Falls of the Ohio Lease			**364,000**
Cigarette Tax Fund (IC 6-7-1-29.1)			
Preventive Maintenance			**3,600,000**
DIVISION OF WATER			
Preventive Maintenance			**155,000**
Repair and Rehabilitation			**4,064,000**
ENFORCEMENT			
Preventive Maintenance			**457,660**
Repair and Rehabilitation			**435,574**
STATE MUSEUM			
Preventive Maintenance			**763,428**
ENTOMOLOGY			
Repair and Rehabilitation			**500,000**
WAR MEMORIALS COMMISSION			
Preventive Maintenance			**1,234,000**
Repair and Rehabilitation			**1,142,000**

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation

D. TRANSPORTATION

DEPARTMENT OF TRANSPORTATION
State Highway Fund (IC 8-23-9-54)
Buildings and Grounds 25,000,000

The above appropriations for highway buildings and grounds may be used for land acquisition, site development, construction and equipping of new highway facilities and for maintenance, repair, and rehabilitation of existing state highway facilities after review by the budget committee.

AIRPORT DEVELOPMENT
Build Indiana Fund (IC 4-30-17)
Airport Development 2,400,000

The foregoing allocation for the Indiana department of transportation is for airport development and shall be used for the purpose of assisting local airport authorities and local units of governments in matching available federal funds under the airport improvement program and for matching federal grants for airport planning and for the other airport studies. Matching grants of aid shall be made in accordance with the approved annual capital improvements program of the Indiana department of transportation and with the approval of the governor and the budget agency.

E. FAMILY AND SOCIAL SERVICES, HEALTH, AND VETERANS' AFFAIRS

(1) FAMILY AND SOCIAL SERVICES ADMINISTRATION

FSSA - DIVISION OF MENTAL HEALTH
Postwar Construction Fund (IC 7.1-4-8-1)
Repair and Rehabilitation 1,800,000
EVANSVILLE PSYCHIATRIC CHILDREN'S CENTER
Preventive Maintenance 45,000
Postwar Construction Fund (IC 7.1-4-8-1)
Generator 121,000
Sprinkler System 96,800
Repair and Rehabilitation 102,916
EVANSVILLE STATE HOSPITAL
Preventive Maintenance 783,925
Postwar Construction Fund (IC 7.1-4-8-1)
Security/Surveillance Cameras 680,000
Repair and Rehabilitation 245,500
MADISON STATE HOSPITAL
Preventive Maintenance 928,208
LOGANSPORT STATE HOSPITAL
Preventive Maintenance 863,144
Postwar Construction Fund (IC 7.1-4-8-1)
Repair and Rehabilitation 591,700
RICHMOND STATE HOSPITAL

	FY 2011-2012 Appropriation	FY 2012-2013 Appropriation	Biennial Appropriation
Preventive Maintenance			**1,100,000**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,681,852**
LARUE CARTER MEMORIAL HOSPITAL			
Preventive Maintenance			**1,833,118**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,010,000**
(2) PUBLIC HEALTH			
SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED			
Preventive Maintenance			**565,714**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**750,320**
SCHOOL FOR THE DEAF			
Preventive Maintenance			**565,714**
Postwar Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**872,723**
(3) VETERANS' AFFAIRS			
INDIANA VETERANS' HOME			
Veterans' Home Building Fund (IC 10-17-9-7)			
Preventive Maintenance			**1,500,000**
Repair and Rehabilitation			**5,239,557**
F. EDUCATION			
HIGHER EDUCATION			
INDIANA UNIVERSITY			
Repair and Rehabilitation			**20,135,358**
PURDUE UNIVERSITY			
Repair and Rehabilitation			**16,481,583**
INDIANA STATE UNIVERSITY			
Repair and Rehabilitation			**3,383,521**
UNIVERSITY OF SOUTHERN INDIANA			
Repair and Rehabilitation			**1,167,311**
BALL STATE UNIVERSITY			
Repair and Rehabilitation			**6,038,802**
VINCENNES UNIVERSITY			
Repair and Rehabilitation			**1,788,423**
IVY TECH COMMUNITY COLLEGE			
Repair and Rehabilitation			**2,582,840**

SECTION 32. [EFFECTIVE JULY 1, 2011]

The budget agency may employ one (1) or more architects or engineers to inspect construction, rehabilitation, and repair projects covered by the appropriations in

this act or previous acts.

SECTION 33. [EFFECTIVE UPON PASSAGE]

If any part of a construction or rehabilitation and repair appropriation made by this act or any previous acts has not been allotted or encumbered before the expiration of the two-year budget period (as defined in IC 4-12-1-2), the budget agency may determine that the balance of the appropriation is not available for allotment. The appropriation may be terminated, and the balance may revert to the fund from which the original appropriation was made.

SECTION 34. [EFFECTIVE JULY 1, 2011]

The budget agency may retain balances in the mental health fund at the end of any fiscal year to ensure there are sufficient funds to meet the service needs of the developmentally disabled and the mentally ill in any year.

SECTION 35. [EFFECTIVE JULY 1, 2011]

If the budget director determines at any time during the biennium that the executive branch of state government cannot meet its statutory obligations due to insufficient funds in the general fund, then notwithstanding IC 4-10-18, the budget agency, with the approval of the governor and after review by the budget committee, may transfer from the counter-cyclical revenue and economic stabilization fund to the general fund any additional amount necessary to maintain a positive balance in the general fund.

SECTION 36. [EFFECTIVE JULY 1, 2011] **(a) The budget agency shall require reversions of:**

(1) thirty million dollars ($30,000,000) to be made from state general fund appropriations in the state fiscal year ending June 30, 2012; and

(2) thirty million dollars ($30,000,000) to be made from state general fund appropriations in the state fiscal year ending June 30, 2013.

(b) This SECTION expires July 1, 2013.

SECTION 37. IC 2-3-1-1, AS AMENDED BY P.L.43-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) **Except as provided in subsection (c),** the annual salary of the members of the general assembly shall be ~~the following:~~

~~(1) Before 2009, eleven thousand six hundred dollars ($11,600).~~

~~(2) In 2009 and thereafter,~~ an amount equal to eighteen percent (18%) of the annual salary of a judge under IC 33-38-5-6, as adjusted under IC 33-38-5-8.1.

(b) One-half (1/2) the annual salary shall be paid on the fifteenth day of January, and one-half (1/2) the annual salary shall be paid on the fifteenth day of February.

(c) Notwithstanding any other law, the annual salary of the members of the general assembly shall not be increased during the state fiscal year beginning July 1, 2011, or during the state fiscal year beginning July 1, 2012, regardless of any increase in the annual salary of a judge under IC 33-38-5-6, as adjusted under IC 33-38-5-8.1.

SECTION 38. IC 2-5-32.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 32.5. Interim Study Committee on Employment Issues

Sec. 1. As used in this chapter, "committee" refers to the interim study committee on

employment issues established by section 2 of this chapter.

Sec. 2. The interim study committee on employment issues is established.

Sec. 3. The committee shall operate under the policies governing study committees adopted by the legislative council.

Sec. 4. The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including final reports.

Sec. 5. The committee shall study and make recommendations to the legislative council concerning the following:

(1) Laws related to the issue of whether or not an employee should be required to join an employee organization as a condition of employment.

(2) Project labor agreements.

Sec. 6. Before November 1, 2011, the committee shall issue a final report to the legislative council containing the findings and recommendations of the committee.

Sec. 7. This chapter expires December 31, 2011.

SECTION 39. IC 2-7-1-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 18. "Reporting year" means the period from November 1 of the immediately preceding calendar year through October 31 of the following calendar year.**

SECTION 40. IC 4-4-11-15.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 15.7. (a) Notwithstanding any other law in effect before:**

(1) the authority issues indebtedness that establishes a procedure for the authority or a person acting on behalf of the authority to certify to the general assembly the amount needed to restore a debt service reserve fund or another fund to a required level; or

(2) execution by the authority of any other agreement that creates a moral obligation of the state to pay all or any part of any indebtedness issued by the authority;

the authority is subject to, and shall comply with, to the extent practicable, the requirements set forth in IC 5-1.5-5-4(c) through IC 5-1.5-5-4(g) as if the authority was specifically named in IC 5-1.5-5-4(c) through IC 5-1.5-5-4(g).

(b) In addition:

(1) indebtedness described in IC 5-1.5-5-4(c) through IC 5-1.5-5-4(g) is considered a reference to an indebtedness or agreement referred to in this section; and

(2) a qualified entity referred to in IC 5-1.5-5-4(c) through IC 5-1.5-5-4(g) is considered a reference to a borrower of any indebtedness and to any other parties referred to in this section.

SECTION 41. IC 4-10-22 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 22. Pension Stabilization Fund Transfers

Sec. 1. As used in this chapter, "budget bill" refers to a budget bill (as defined in IC 4-12-1-2) that is enacted in an odd-numbered year.

Sec. 2. As used in this chapter, "fund" refers to the pension stabilization fund established by IC 5-10.4-2-5.

Sec. 3. As used in this chapter, "state general fund appropriations" refers to the sum of the specific amounts appropriated by a budget bill from the state general fund for expenditure in a particular state fiscal year, excluding transfers to the fund under this chapter. The term includes any amount appropriated in a budget bill for a period exceeding one (1) state fiscal year that is allocated by the budget agency to a particular state fiscal year in a list of appropriations prepared under IC 4-12-1-12.

Sec. 4. As used in this chapter, "general revenue fund" refers to the following:

(1) Counter-cyclical revenue and economic stabilization fund (IC 4-10-18-2).

(2) State general fund, including the Medicaid contingency and reserve account of the state general fund (IC 4-12-1-15.5).

(3) State tuition reserve fund (IC 4-12-1-15.7).

Sec. 5. As used in this chapter, "state fiscal year" means a period beginning July 1 in one (1) calendar year and ending on June 30 in the immediately succeeding calendar year.

Sec. 6. Not later than twenty-five (25) days after the end of each state fiscal year, the budget agency shall calculate the amount by which the year-end general revenue fund balance for the immediately preceding state fiscal year exceeds twelve percent (12%) of the general revenue fund appropriations for the current state fiscal year and provide a notice to the auditor of state setting forth the amount. Not later than thirty-one (31) days after the end of each state fiscal year, the auditor of state shall transfer the amount set forth in the notice from the general revenue fund to the fund.

Sec. 7. There is continuously appropriated a sufficient amount from the general revenue fund to make the transfers required by this chapter.

SECTION 42. IC 4-12-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. **(a) The Indiana tobacco use prevention and cessation executive board is abolished July 1, 2011. On July 1, 2011:**

(1) all assets, obligations, powers, and duties of the executive board are transferred to the state department of health; and

(2) all appropriations made to the Indiana tobacco use prevention and cessation executive board are transferred to the state department of health and are considered appropriations made to the state department of health.

(b) In addition to any other power granted by this chapter, the ~~executive board~~ **state department of health** may:

~~(1) adopt an official seal and alter the seal at its pleasure;~~

~~(2)~~ **(1)** adopt rules under IC 4-22-2 ~~for the regulation of its affairs and the conduct of its business and prescribe policies in connection with the performance of its functions and duties;~~ **to carry out this chapter;**

~~(3)~~ **(2)** accept gifts, devises, bequests, grants, loans, appropriations, revenue sharing, other financing and assistance, and any other aid from any source and agree to and comply with conditions attached to that aid;

~~(4)~~ **(3)** make, execute, and effectuate any and all contracts, agreements, or other documents with any governmental agency or any person, corporation, limited liability company, association, partnership, or other organization or entity necessary or convenient to accomplish the purposes of this chapter, including contracts for the provision of all or any portion of the services the ~~executive board~~ **state department of health** considers necessary; ~~for the management and operations of the executive board;~~

~~(5)~~ **(4)** recommend legislation to the governor and general assembly; and

~~(6)~~ **(5)** do any and all acts and things necessary, proper, or convenient to carry out this ~~article.~~ **chapter.**

SECTION 43. IC 4-12-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) The Indiana tobacco use prevention and cessation trust fund is established. The ~~executive board~~ **state department of health** may expend money from the fund and make grants from the fund to implement the long range state plan established under this chapter. ~~General operating and~~ Administrative expenses ~~of the executive board~~ **necessary to carry out this chapter** are also payable from the fund.

(b) The fund consists of:

(1) amounts, if any, that another statute requires to be distributed to the fund from the Indiana tobacco master settlement agreement fund;

(2) appropriations to the fund from other sources;

(3) grants, gifts, and donations intended for deposit in the fund; and

(4) interest that accrues from money in the fund.

(c) The fund shall be administered by the ~~executive board.~~ **state department of health.** Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the investment of the fund and may pay the expenses incurred under those contracts from the fund. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(d) All income and assets of the executive board deposited in the fund are for the use of the ~~executive board without~~ **state department of health after** appropriation.

SECTION 44. IC 4-12-4-11, AS AMENDED BY P.L.99-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. (a) The ~~executive board~~ **state department of health** shall develop:

(1) a mission statement concerning prevention and reduction of the usage of tobacco and tobacco products in Indiana, including:

(A) emphasis on prevention and reduction of tobacco use by minorities, pregnant women, children, and youth, including youth with serious and emotional disturbances;

(B) encouragement of smoking cessation;

(C) production and distribution of information concerning the dangers of tobacco use and tobacco related diseases;

(D) providing research on issues related to reduction of tobacco use;

(E) enforcement of laws concerning sales of tobacco to youth and use of tobacco by youth; and

(F) other activities that the ~~executive board~~ **state department of health** considers necessary and appropriate for inclusion in the mission statement; and

(2) a long range state plan, based on Best Practices for Tobacco Control Programs as published by the Centers for Disease Control and Prevention, for:

(A) the provision of services by the ~~executive board,~~ **state department of health,** public or private entities, and individuals to implement the ~~executive board's~~ **state department of health's** mission statement; and

(B) the coordination of state efforts to reduce usage of tobacco and tobacco products.

The ~~executive board~~ **state department of health** shall update the mission statement and long range state plan as necessary to carry out the purposes of this chapter.

(b) The long range state plan described in subsection (a) must:

(1) cover a period of at least five (5) years;

(2) include base line data concerning tobacco usage;

(3) set forth specific goals for prevention and reduction of tobacco usage in Indiana; and

(4) be made available to the governor, the general assembly, and any other appropriate state or federal agency.

SECTION 45. IC 4-12-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. A public or private entity or an individual may submit an application to the ~~executive board~~ **state department of health** for a grant from the fund. Each application must be in writing and contain the following information:

(1) A clear objective to be achieved with the grant.

(2) A plan for implementation of the specific program.

(3) A statement of the manner in which the proposed program will further the goals of the ~~executive board's~~ **state department of health's** mission statement and long range state plan.

(4) The amount of the grant requested.

(5) An evaluation and assessment component to determine the program's performance.

(6) Any other information required by the ~~executive board.~~ **state department of health.**

The ~~executive board~~ **state department of health** may adopt written guidelines to establish procedures, forms, additional evaluation criteria, and application deadlines.

SECTION 46. IC 4-12-4-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. The expenditure of state funds (other than a grant awarded under this chapter) for a program concerning prevention or reduction of tobacco usage that is operated by a state agency or a public or private entity is subject to the approval of the ~~executive board~~ **state department of health.** The state agency or public or private entity shall submit a description of the proposed expenditure to the ~~executive board~~ **state department of health** for the ~~executive board's~~ **state department of health's** review and approval. The description submitted under this section must include the following:

(1) The objective to be achieved through the expenditure.

(2) The plan for implementation of the expenditure.

(3) The extent to which the expenditure will supplement or duplicate existing expenditures of other state agencies, public or private entities, or the ~~executive board.~~ **state department of health.**

SECTION 47. IC 4-12-4-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 14. The ~~executive board~~ **state department of health** shall prepare an annual financial report and an annual report concerning the ~~executive board's~~ **state department of health's** activities under this chapter and promptly transmit the annual reports to the governor and, in an electronic format under IC 5-14-6, to the legislative council. The ~~executive board~~ **state department of health** shall make the annual reports available to the public upon request.

SECTION 48. IC 4-12-4-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. The funds, accounts, management, and operations of the ~~executive board~~ **state department of health under this chapter** are subject to annual audit by the state board of accounts.

SECTION 49. IC 4-12-4-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 16. (a) The Indiana tobacco use prevention and cessation advisory board is established. The board consists of:

(1) the ~~executive director employed under section 6 of this chapter,~~ **commissioner of the state department of health, or the commissioner's designee,** who shall serve as the chairperson of the advisory board; and

(2) other members appointed by the governor who have knowledge, skill, and experience in smoking reduction and cessation programs, health care services, or preventive health care measures.

(b) The advisory committee shall meet at least quarterly and at the call of the chairperson.

(c) The advisory committee shall, as considered necessary by the advisory committee or as requested by the ~~executive board~~ **state department of health,** make recommendations to the ~~executive committee~~ **state department of health** concerning:

(1) the development and implementation of the mission statement and long range state plan under section 11 of this chapter;

(2) the criteria to be used for the evaluation of grant applications under this chapter;

(3) the coordination of public and private efforts concerning reduction and prevention of tobacco usage; and

(4) any other matters for which the ~~executive board~~ **state department of health** requests recommendations from the advisory committee.

(d) Members of the advisory committee are not entitled to a salary per diem or reimbursement of expenses for service on the advisory committee.

(e) The advisory committee may establish subcommittees as necessary to carry out its duties under this section.

SECTION 50. IC 4-12-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Sec. 6. A public or private entity or an individual may submit an application to the ~~board~~ **state department of health** for a grant from the account. Each application must be in writing and contain the following information:

(1) A clear objective to be achieved with the grant.

(2) A plan for implementation of the specific program.

(3) A statement of the manner in which the proposed program will further the goals of the ~~Indiana tobacco use prevention and cessation board's~~ **state department of health's** mission statement and long range state plan under IC 4-12-4.

(4) The amount of the grant requested.

(5) An evaluation and assessment component to determine the program's performance.

(6) Any other information required by the advisory board.

The advisory board may adopt written guidelines to establish procedures, forms, additional evaluation criteria, and application deadlines.

SECTION 51. IC 4-12-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Sec. 7. In using money distributed under this chapter, a local board of health shall give priority to:

(1) programs that share common goals with the mission statement and long range state plan established by the ~~Indiana tobacco use prevention and cessation board,~~ **state department of health;**

(2) preventive health measures; and

(3) support for community health centers that treat low income persons and senior citizens.

SECTION 52. IC 4-15-1.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Sec. 6. The appeals commission is hereby authorized and required to do the following:

(1) To hear or investigate those appeals from state employees as is set forth in ~~IC 4-15-2,~~ **IC 4-15-2.2-42,** and fairly and impartially render decisions as to the validity of the appeals or lack thereof. Hearings shall be conducted in accordance with IC 4-21.5.

(2) To make, alter, or repeal rules by a majority vote of its members for the purpose of conducting the business of the commission, in accordance with the provisions of IC 4-22-2.

(3) To recommend to the personnel director such changes, additions, or deletions to personnel policy which the appeals commission feels would be beneficial and desirable.

SECTION 53. IC 4-15-2.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 2.2. State Civil Service System

Sec. 1. (a) Except as provided in subsection (b), this chapter applies to employees of a governmental entity that exercises any of the executive powers of the state under the direction of the governor or lieutenant governor.

(b) This chapter does not apply to the following:

(1) The legislative department of state government.

(2) The judicial department of state government.

(3) The following state elected officers and their personal staffs:

(A) The governor.

(B) The lieutenant governor.

(C) The secretary of state.

(D) The treasurer of state.

(E) The auditor of state.

(F) The superintendent of public instruction.

(G) The attorney general.

(4) A body corporate and politic of the state created by state statute.

(5) A political subdivision (as defined in IC 36-1-2-13).

(6) An inmate who is working in a state penal, charitable, correctional, or benevolent institution.

(7) The state police department.

(c) This subsection does not apply to a political subdivision. The chief executive officer of a governmental entity that is exempt from this chapter under subsection (b) may elect to have this chapter apply to all or a part of the entity's employees by submitting a written notice of the election to the director.

Sec. 2. As used in this chapter, "appointing authority" means the head of a department, division, board, or commission, or an individual or group of individuals who have the power by law or by lawfully delegated authority to make appointments to positions in the state civil service.

Sec. 3. As used in this chapter, "class" or "class of positions" means a group of positions in the state civil service determined by the director to have sufficiently similar duties, authority, and responsibility such that:

(1) the same qualifications may reasonably be required for; and

(2) the same schedule of pay can be equitably applied to;

all positions in the group.

Sec. 4. As used in this chapter, "classified employee" means an employee who:

(1) has been appointed to a position in the state classified service;

(2) has completed the working test period under section 34 of this chapter; and

(3) has been certified by the appointing authority for that classification of positions.

Sec. 5. As used in this chapter, "commission" refers to the state employees appeals commission created by IC 4-15-1.5-1.

Sec. 6. As used in this chapter, "department" refers to the state personnel department established by section 13 of this chapter. The term includes the director.

Sec. 7. As used in this chapter, "director" refers to the state personnel director appointed under section 14 of this chapter.

Sec. 8. As used in this chapter, "division of the service" means any of the following that are subject to this chapter and whose positions are under the same appointing authority:

(1) A state department.

(2) A division or branch of a state department.

(3) An agency of the state government.

(4) A branch of the state civil service.

Sec. 9. As used in this chapter, "state agency" means an authority, board, branch, commission, committee, department, division, or other instrumentality of state government that is subject to this chapter. The term does not include a state educational institution (as defined in IC 21-7-13-32).

Sec. 10. As used in this chapter, "state civil service" means public service by individuals who are subject to this chapter. The term includes the state classified service (as the term is described in section 21 of this chapter) and the unclassified service (as the term is described in section 22 of this chapter).

Sec. 11. As used in this chapter, "state institution" means any of the following:

(1) A state institution (as defined in IC 12-7-2-184).

(2) A correctional facility (as defined in IC 4-13.5-1-1) owned by the state and operated by the department of correction.

(3) The Indiana School for the Deaf established by IC 20-22-2-1.

(4) The Indiana School for the Blind and Visually Impaired established by IC 20-21-2-1.

(5) The Indiana Veterans' Home as described in IC 10-17-9.

(6) Any other facility owned and operated by the state whose employees participate in the state civil service.

Sec. 12. (a) This chapter shall be liberally construed so as to increase governmental efficiency and responsiveness and to ensure the employment of qualified persons in the state classified service on the basis of the following merit principles:

(1) Recruitment, selection, and promotion of employees on the basis of an individual's relative ability, knowledge, and skills.

(2) The provision of equitable and adequate compensation.

(3) The training of employees to ensure high quality performance.

(4) The retention of employees based on:

(A) the quality of the employees' performance; and

(B) the correction of inadequate performance;

and the dismissal of employees whose inadequate performance is not corrected.

(5) Fair treatment of applicants and employees in all aspects of personnel administration:

(A) without regard to political affiliation, race, color, national origin, gender, religious creed, age, or disability; and

(B) with proper regard for the applicants' and employees' privacy and constitutional rights as citizens.

(6) Protection of employees from coercion for partisan political purposes, and prohibition on an employee using the employee's official authority to interfere with, or affect the result of, an election or nomination for political office.

(b) All employment matters in the state classified service are guided by the merit principles set forth in subsection (a).

(c) The personnel administration systems adopted under this chapter govern and limit all other state employment matters and every appointing authority.

Sec. 13. The state personnel department is established.

Sec. 14. (a) The governor shall appoint a director who is responsible for administering the department.

(b) The director serves at the governor's pleasure.

(c) The governor shall set the director's compensation.

Sec. 15. The director shall do the following:

(1) Direct and supervise all administrative and technical activities of the department.

(2) Survey the administrative organization and procedures, including personnel procedures, of all state agencies, and submit to the governor measures to do the following among state agencies:

(A) Secure greater efficiency and economy.

(B) Minimize the duplication of activities.

(C) Effect better organization and procedures.

(3) Develop personnel policies, methods, procedures, and standards for all state agencies.

(4) Establish and maintain a roster of all employees in the state civil service.

(5) Prepare, or cause to be prepared, a classification and pay plan for the state civil service.

(6) Administer the classification and pay plan prepared under subdivision (5).

(7) Allocate each position in the state civil service to its proper class.

(8) Approve individuals for appointment to positions in the state civil service.

(9) Approve employees for transfer, demotion, or promotion within the state civil service.

(10) Approve employees for suspension, layoff, or dismissal from the state civil service.

(11) Rate the service of employees.

(12) Arrange, in cooperation with the directors of the divisions of the service, for employee training.

(13) Make available employee relations specialists to help employees:

(A) resolve employment related problems; and

(B) understand the procedures that are available for redress of grievances that the employee relations specialists do not resolve.

(14) Investigate systems of appointment and promotion in operation in various departments

or divisions of the state government.

(15) Investigate and approve the need for existing and new positions in the state civil service.

(16) Investigate periodically the operation and effectiveness of this chapter and rules adopted under this chapter.

(17) Implement, administer, and enforce this chapter and rules and policies adopted under this chapter.

(18) Appoint employees, experts, and special assistants, as necessary, to effectively carry out this chapter.

(19) Perform any other lawful acts that the director considers necessary or desirable to carry out this chapter.

(20) Perform any other duties imposed by this chapter or assigned by the governor.

Sec. 16. The director shall appoint one (1) or more employees of the department as the director's deputies.

Sec. 17. (a) The director may employ such expert or special examiners as may be required for the conduct of tests for positions in the state civil service.

(b) The director may select officers or employees in the state civil service to act as examiners in the preparation and rating of the tests described in subsection (a). An appointing authority may excuse any employee in the appointing authority's division of the service from the employee's regular duties for the time required to work as an examiner.

(c) Officers and employees are not entitled to extra pay for their service as examiners, but are entitled to reimbursement for necessary traveling and other expenses.

Sec. 18. The department may do the following:

(1) Acquire, lease, own, or sell property in the name of the state in order to carry out its responsibilities under this chapter.

(2) Adopt a seal.

(3) Contract with persons outside the department to do those things that in the director's opinion cannot be adequately or efficiently handled by the department.

(4) Sue and be sued.

(5) Hire attorneys.

(6) Administer oaths.

(7) Take depositions.

(8) Issue subpoenas.

Sec. 19. The director may adopt rules under IC 4-22-2 that the director considers necessary, appropriate, or desirable to carry out the department's responsibilities under this chapter.

Sec. 20. The state civil service is divided into the following parts:

(1) The state classified service.

(2) The unclassified service.

Sec. 21. (a) Except as provided in subsection (b), the state classified service consists of positions in programs that have a federal statutory or regulatory requirement for the establishment and maintenance of personnel standards on a merit basis, including positions under the following:

(1) Employment Security (Unemployment Insurance and Employment Services) (26 U.S.C. 3301 et seq., 29 U.S.C. 2801 et seq., 38 U.S.C. 2000 et seq., 42 U.S.C. 501 et seq., and 42 U.S.C. 1101 et seq.).

(2) Federal Payments for Foster Care and Adoption Assistance (42 U.S.C. 673).

(3) Supplemental Nutrition Assistance Program (7 U.S.C. 2011 et seq.).

(4) Grants to States for Aid to the Blind (42 U.S.C. 1201 et seq.).

(5) Medical Assistance (Medicaid) (42 U.S.C. 1396 et seq.).

(6) Occupational Safety and Health Act (29 U.S.C. 651 et seq.).

(7) Occupational Safety and Health Grants to States (29 U.S.C. 673).

(8) Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 5121 et seq.).
(9) Social Security Act (42 U.S.C. 301 et seq.).
(10) State and Community Programs on Aging and the Older Americans Act (42 U.S.C. 3001 et seq.).
(11) Wagner-Peyser Act (29 U.S.C. 49 et seq.).
(b) The following positions are exempt from the state classified service:
(1) An officer or employee appointed by the governor or lieutenant governor.
(2) A deputy, an administrative assistant, a secretary, or another position in a confidential relationship to an officer or employee described in subdivision (1).
(3) An employee who holds an executive level position:
(A) who is the head of a division or major unit within a state agency;
(B) who is a regional director or manager for a state agency, regardless of the title of the position; or
(C) who, as a substantial part of the position's duties, provides meaningful input on:
(i) the development of policy goals; or
(ii) the implementation of policy.
(4) The superintendent or director of a state institution.
(5) The highest ranking employee of a state agency who:
(A) holds an executive level position; and
(B) has primary responsibility for one (1) or more of the following functions:
(i) Public information.
(ii) Legal matters.
(iii) Fiscal matters.
(iv) Security or internal affairs.
(v) Human resources.
(c) This section may not be construed to include in the state classified service a position in a governmental entity listed in section 1(b) of this chapter unless the chief executive officer of the governmental entity makes the election described in section 1(c) of this chapter to have all or a part of the governmental entity's employees participate in the state civil service.
Sec. 22. (a) The unclassified service consists of all offices and positions in the state civil service other than those in the state classified service.
(b) The unclassified service is separate from the state classified service.
(c) Except as expressly provided in this chapter, the human resource management systems applicable to the state classified service do not apply to the unclassified service.
Sec. 23. (a) An employee in the state classified service who has successfully completed a working test period may be dismissed, demoted, or suspended only for just cause, including cause under section 49 of this chapter.
(b) A classified employee is entitled to appeal a dismissal, demotion, or suspension as provided in section 42 of this chapter.
Sec. 24. (a) An employee in the unclassified service is an employee at will and serves at the pleasure of the employee's appointing authority.
(b) An employee in the unclassified service may be dismissed, demoted, disciplined, or transferred for any reason that does not contravene public policy.
Sec. 25. Whenever a state agency or state institution is added to the classified part of the state civil service established by this chapter, an employee of the state agency or state institution who is in a position that is not subject to the classified provisions of this chapter is entitled to continue in that position until the employee has an opportunity to acquire classified employee status.
Sec. 26. (a) The director, after consulting with appointing authorities and other qualified authorities, shall determine, or cause to be determined, the authority, duties, and responsibilities

of all positions in the state civil service.

(b) The director shall prepare a classification plan that groups all positions in the state civil service in classes, based on the authority, duties, and responsibilities of each position. The classification plan must set forth, for each class of positions, the class title and a statement of the authority, duties, and responsibilities of the class. Each class of positions may be subdivided, and classes may be grouped and ranked in such manner as the director considers appropriate.

(c) New, reclassified, or reallocated positions must be classified, reclassified, or reallocated in the same manner as positions were initially classified or allocated.

(d) The director periodically shall:

(1) review the positions in state civil service; and

(2) reallocate the positions to the proper classes based on the duties and responsibilities of the positions at the time of the review under subdivision (1).

Sec. 27. (a) After consultation with the budget agency, the director shall prepare and recommend to the governor a pay plan for all employees holding positions for which compensation is not fixed by law.

(b) The pay plan shall provide, for each class of positions, a minimum and maximum rate of pay as well as any intermediate rates of pay that the director considers necessary or equitable. In establishing the rates, the director shall consider the following factors:

(1) The experience in recruiting for positions in the state civil service.

(2) The prevailing rates of pay for the service performed and for comparable services in public and private employment.

(3) The cost of living.

(4) Benefits, other than the rate of pay, available to or received by employees.

(5) The state's financial condition and policies.

(c) The pay plan takes effect after the plan is approved by the budget agency and accepted by the governor.

Sec. 28. (a) Classification titles or corresponding code numbers must be used to designate positions in all personnel, accounting, budget, appropriation, and financial records and communications of all state departments, institutions, and agencies.

(b) A person may not be appointed to or employed in a position in the state civil service unless the director has approved the class title of the position as appropriate to the duties to be performed.

Sec. 29. Vacancies in the state classified service may be filled only by a process approved by the director in accordance with the merit principles set forth in section 12 of this chapter.

Sec. 30. An application for employment may be rejected if the department determines that the applicant:

(1) lacks any of the required qualifications;

(2) is incapable of performing the essential functions of the position that the applicant is seeking;

(3) has been convicted of a crime;

(4) has been dismissed from the public service;

(5) has made a false statement of a material fact; or

(6) committed or attempted to commit a fraud or deception in connection with submitting an application or attempting to secure an appointment to the state civil service.

Sec. 31. (a) The director shall inform prospective applicants for state employment of the process for obtaining state employment.

(b) The director may advertise or employ any other methods of publicizing opportunities for employment in state civil service.

Sec. 32. (a) Former members of the armed forces of the United States who meet both of the following requirements shall receive a preference for appointment or reemployment in the state

classified service:

(1) The veteran served on active duty in any branch of the armed forces.

(2) The veteran was not discharged or separated from the armed forces under other than honorable conditions, unless the veteran presents appropriate records from:

(A) the United States Department of Defense; or

(B) the appropriate branch of the armed forces;

showing a correction of a separation or discharge to "honorable".

(b) When:

(1) preemployment interviews of external candidates are conducted; and

(2) the qualified applicant pool includes veterans;

veterans must be included in the group offered interviews.

(c) In computing seniority for purposes of a personnel reduction in state civil service, the computation must include the length of time the employee spent on active duty in the armed forces of the United States.

Sec. 33. (a) As used in this section, "individual with a disability" means an individual:

(1) with a physical or mental impairment that substantially limits one (1) or more of the major life activities of the individual; or

(2) who:

(A) has a record of; or

(B) is regarded as;

having an impairment described in subdivision (1).

(b) Notwithstanding any other provision of this chapter, an Indiana rehabilitation facility or the division of disability and rehabilitative services may certify that an individual:

(1) is an individual with a disability; and

(2) possesses the required knowledge, skill, and ability to perform the essential functions of a position classification:

(A) with or without reasonable accommodation; or

(B) with special accommodation for supported employment.

(c) An applicant with a disability who is certified under subsection (b) may be appointed to a position in a classification for which the applicant is certified.

Sec. 34. (a) Every person appointed to a classification in the state classified service shall complete a working test period while occupying a position in the classification. The working test period begins immediately upon the person's appointment and continues until a time established by the director. At least once during the working test period, the appointing authority shall prepare for the director, in the manner specified by the director, a full performance appraisal of the employee's work.

(b) Subject to subsection (c), the appointing authority may remove an employee for any reason at any time during the employee's working test period. The appointing authority shall immediately report the removal to the director and to the employee who is removed.

(c) If the director finds during an employee's working test period that the employee was appointed as a result of error or fraud, the director may remove the employee after providing the employee with notice and an opportunity to be heard.

(d) Before the expiration of an employee's working test period, the appointing authority shall notify the director as to:

(1) whether the services of the employee have been satisfactory; and

(2) whether the appointing authority will continue the employee's employment after the working test period ends.

The appointing authority shall provide the employee with a copy of the notice given to the director.

(e) Sections 23 and 42 of this chapter do not apply to an employee who is removed during a

working test period for the initial classification in the state classified service to which the employee is appointed.

(f) The removal of an employee in the classified service from a working test period for a promotion from one (1) classification to another classification is not appealable, unless the removal results in the employee's dismissal or layoff.

Sec. 35. (a) An appointing authority may at any time reassign an employee from one (1) position to another position in the same class or rank in the division of the service. The appointing authority shall, immediately after making the reassignment, give notice of the reassignment to the director.

(b) The transfer of a classified employee from a position in a division of the service to a position of the same class or rank in another division of the service requires the approval of:

(1) the appointing authorities of both divisions of the service; and

(2) the director.

(c) A classified employee must be appointed, rather than transferred, to a position:

(1) in another class of a higher rank; or

(2) for which the requirements for appointment are substantially dissimilar to the requirements for the position the employee currently holds.

(d) The reassignment of a classified employee to a position in a class of a lower rank is a demotion. Unless the employee consents to the demotion in writing, the appointing authority must comply with section 23 of this chapter in making the demotion. A classified employee is entitled to appeal the demotion in accordance with section 42 of this chapter.

(e) This section may not be construed to prohibit an appointing authority from temporarily substituting duties unrelated to an employee's position classification for the employee's usual duties.

(f) This section may not be construed to impair the director's authority to reclassify or reorganize positions in the state civil service as long as the reclassification or reorganization is not based on a classified employee's misconduct or poor performance. The just cause standard described in section 23 of this chapter does not apply to such a reclassification or reorganization.

Sec. 36. (a) In cooperation with appointing authorities, the director shall establish, and may periodically amend:

(1) the standards of performance for employees;

(2) the expected outcomes for employees; and

(3) a system of service ratings based upon the standards described in subdivisions (1) and (2).

(b) Employee performance standards and expected outcomes must be specific, measurable, achievable, relevant to the strategic objective of the employee's state agency or state institution, and time sensitive.

(c) Each employee at all levels of the state civil service shall be held accountable for participating in the process of establishing the standards, outcomes, and ratings described in this section.

(d) Each appointing authority shall, at periodic intervals (but at least annually), make, and report to the director, service ratings for the employees in the appointing authority's division of the service. As requested by the director, the appointing authority shall provide the information on which the appointing authority relied in determining a service rating.

(e) Service ratings may be used as follows:

(1) To determine salary increases and decreases within the limits established by law and by the pay plan developed under section 27 of this chapter.

(2) As a factor in making promotions.

(3) As a means of discovering employees:

(A) who are candidates for promotion or transfer; or

(B) who, because of a low service rating, are candidates for demotion or dismissal.

Sec. 37. (a) An appointing authority shall report to the director each appointment, transfer, promotion, demotion, dismissal, change of salary rate, absence from duty, and other temporary or

permanent change in the status of an employee in the appointing authority's division of the service.

(b) The director shall prescribe the submission deadline, the form, and the supporting or pertinent information required for the report.

Sec. 38. (a) The director shall maintain a perpetual roster that includes at least the following information for each employee in the state civil service system:

(1) Whether the employee is in the state classified service or the unclassified service.

(2) The title of the position the employee holds.

(3) The department, state agency, or state institution to which the employee is assigned.

(4) The employee's pay rate.

(5) The employee's date of appointment.

(6) Any other information that the director considers pertinent.

(b) The director shall maintain any other personnel records that the director considers desirable.

(c) The director shall provide tabulations and analyses of state employee personnel data that are available to the director to:

(1) the governor;

(2) the general assembly in the electronic format required by IC 5-14-6;

(3) the budget director;

(4) department and institution directors; and

(5) other persons to the extent required by and in accordance with IC 5-14-3.

(d) All officers and employees shall, during usual business hours:

(1) grant to the director, or any agent or employee of the department designated by the director, unlimited access to the premises and records pertaining to personnel matters that are under the officers' or employees' control; and

(2) furnish to the director, or the director's agent, the facilities, assistance, and information required to administer this chapter.

Sec. 39. Rules adopted by the department for state civil service employees must provide for the hours of work and leaves of absence.

Sec. 40. (a) An appointing authority has the authority to lay off or furlough employees or to reduce hours of employment for any of the following reasons:

(1) Lack of funds.

(2) A reduction in spending authorization.

(3) Lack of work.

(4) Efficiency.

(b) The appointing authority has the authority to determine the extent, effective dates, and length of a layoff, furlough, or reduction in hours taken under subsection (a).

(c) The appointing authority shall determine the classifications affected and the number of employees laid off in each classification and county to which a layoff applies.

(d) In determining a layoff, the appointing authority must consider all employees under the same appointing authority, within the classification affected, and within the county affected, and consider service ratings first. Thereafter, consideration may be given to the following relevant factors:

(1) Disciplinary record.

(2) Knowledge, skill, and ability.

(3) Seniority.

Sec. 41. (a) As used in this section, "state seniority" means the length of an employee's unbroken, continuous state employment.

(b) A former employee in the state civil service system has a right of recall to the classification from which the employee was laid off. Recall rights under this section are to positions under the same appointing authority and in the same county from which a former employee was laid off.

(c) A former employee must assert in a timely manner the claim of entitlement to recall in

response to the official posting of a vacancy.

(d) A recall under this section is contingent upon the former employee having the knowledge, skill, and ability to perform the duties of the position for which the former employee is applying.

(e) The appointing authority shall recall former employees in the order of the employees' service ratings. In the event of a tie in service ratings, the right to recall is determined by state seniority. If there is a tie in state seniority, the former employee with the highest number comprised of the last four (4) digits of the employee's Social Security number is the employee recalled.

(f) The right to recall under this section expires on the earlier of:

(1) one (1) year after date the employee is laid off; or

(2) the date the employee is reemployed in a permanent position.

(g) For state seniority purposes, an employee who becomes reemployed within one (1) year after the date the employee is laid off is considered to have unbroken, continuous state employment, except that the time that the employee spent in out-of-pay status as a result of the layoff must be deducted from the employee's total seniority.

Sec. 42. (a) An employee in the state civil service system may file a complaint concerning the application of a law, rule, or policy to the complainant. However, a gubernatorial appointee does not have standing to file a complaint under this section.

(b) A complaint filed under this section must identify the law, rule, or policy that was allegedly violated.

(c) An employee who files a complaint under this section must initiate the complaint procedure as soon as possible after the occurrence of the act or condition complained of, and not later than thirty (30) calendar days after the date the employee became aware, or by the exercise of reasonable diligence should have been aware, of the occurrence giving rise to the complaint. An employee who does not initiate the complaint procedure within the thirty (30) day period waives the right to file that complaint.

(d) A remedy granted under this section may not extend back more than thirty (30) calendar days before the complaint was initiated.

(e) The following complaint procedure is established:

Step I: The complainant shall reduce the complaint to writing and present the complaint to the appointing authority or the appointing authority's designated representative. The appointing authority or designee shall conduct any investigation considered necessary and issue a decision, in writing, not later than fifteen (15) calendar days after the date the appointing authority receives the complaint.

Step II: If the appointing authority or the appointing authority's designated representative does not find in favor of the complainant, the complainant may submit the complaint to the director not later than fifteen (15) calendar days after the date of the appointing authority's finding. The director or the director's designee shall review the complaint and issue a decision not later than thirty (30) calendar days after the date the complaint is submitted to the director.

Step III: If the employee is not satisfied with the director's decision, the employee may submit an appeal in writing to the commission not later than fifteen (15) calendar days after the date the employee receives notice of the action taken by the director or the director's designee. The commission shall determine whether all previous steps were completed properly and in a timely manner, and, subject to subsection (f), whether the employee and subject of the complaint meet the jurisdictional requirements. If a procedural or jurisdictional requirement is not met, the commission shall dismiss the appeal. If the procedural and jurisdictional requirements have been met, the commission shall conduct proceedings in accordance with IC 4-21.5-3.

(f) An unclassified employee must establish that the commission has subject matter jurisdiction

to hear the employee's wrongful discharge claim by establishing that a public policy exception to the employment at will doctrine was the reason for the employee's discharge. The former employee has the burden of proof on this issue.

(g) In a disciplinary case involving a classified employee, the commission shall defer to the appointing authority's choice as to the discipline imposed, if the appointing authority establishes that there was just cause for the imposition of the discipline. The appointing authority has the burden of proof on this issue.

(h) Decisions of the commission are subject to judicial review in accordance with IC 4-21.5-3.

(i) An employee who is suspended or terminated after a hearing held by the state ethics commission is not entitled to use the procedure set forth in this section. An employee who seeks further review of a suspension or termination imposed by the state ethics commission must seek judicial review of the state ethics commission's decision in accordance with IC 4-21.5-3.

Sec. 43. (a) An employee covered by this chapter:

(1) is eligible for;

(2) must participate in; and

(3) receives the benefits of;

the public employees' retirement fund under IC 5-10.2 and IC 5-10.3.

(b) An employee holding an hourly, temporary, and intermittent appointment:

(1) is not eligible to become a member of the public employees' retirement fund; and

(2) does not earn creditable service for purposes of the public employees' retirement fund for service in those positions.

(c) Notwithstanding any contrary provision, an employee who served in an intermittent form of temporary employment after June 30, 1986, and before July 1, 2003, shall receive creditable service for the period of intermittent employment.

Sec. 44. (a) An officer or employee implementing or administering this chapter may not consider the political, religious, or racial characteristics of a classified employee.

(b) A classified employee may not be compelled to make political contributions or participate in any form of political activity.

Sec. 45. (a) This section does not apply to precinct committeemen, state or national party convention delegates, or candidates for these party positions.

(b) A classified employee who is elected to a federal or state public office is considered to have resigned from state service on the date the person takes office.

Sec. 46. A person may not:

(1) make a false statement, certificate, mark, rating, or report in connection with an appointment under this chapter; or

(2) commit or attempt to commit in any manner fraud that prevents the impartial implementation or administration of this chapter or rules adopted under this chapter.

Sec. 47. A person may not, directly or indirectly, give, render, pay, offer, solicit, or accept money, service, or other valuable consideration:

(1) for, or in connection with, an appointment, a proposed appointment, a promotion, or a proposed promotion to; or

(2) to obtain any advantage in;

a position in the state classified service.

Sec. 48. (a) For the purpose of enforcing this chapter, the director and authorized employees of the department have authority to:

(1) administer oaths;

(2) conduct examinations;

(3) subpoena witnesses; and

(4) require:

(A) the attendance of witnesses; and
(B) the production of books, records, and papers;
at any reasonable place.
(b) The director must sign all subpoenas issued under this section.
(c) The circuit or superior court of a county shall compel obedience to subpoenas and requests for the production of books, records, and papers issued under this section, upon a verified written application by the person conducting the examination, ten (10) days notice to the person whose testimony or production is sought, and a showing of the probability of any of the following:
(1) The books, records, and papers are material to the examination.
(2) The witness has information that is material to the examination.
(d) It is unlawful to fail to:
(1) appear in response to a subpoena;
(2) answer questions; or
(3) produce books or papers;
in connection with an investigation or hearing under this chapter.
(e) It is unlawful to knowingly give false testimony at an investigation or hearing under this chapter.
Sec. 49. The refusal or failure of an employee in the state classified service to do any of the following is sufficient grounds for the employee's dismissal by the appointing authority:
(1) The employee willfully refuses or fails to appear before:
(A) a court or judge;
(B) a legislative committee; or
(C) an officer, board, or body authorized to conduct a hearing or inquiry.
(2) After making an appearance, the employee refuses to testify or answer questions relating to:
(A) the affairs or government of the state; or
(B) the conduct of any officer or employee.
Sec. 50. The director may enter into an agreement with a political subdivision (as defined in IC 36-1-2-13) to furnish services related to or involving the administration of the political subdivision's personnel system. The agreement must provide for the reimbursement to the state of the reasonable cost, as determined by the director, of the services and facilities furnished. All political subdivisions are authorized to enter into such agreements.
Sec. 51. This chapter may not be construed so as to result in the delay or stoppage of grants-in-aid to the state by agencies of the federal government.
Sec. 52. (a) Any reference or cross-reference to the state personnel department in the Indiana Code shall be treated after June 30, 2011, as a reference or cross-reference to the department.
(b) Any reference or cross-reference to IC 4-15-1.8 or IC 4-15-2 shall be treated after June 30, 2011, as a reference or cross-reference to this chapter.
Sec. 53. The human resources management system established by this chapter shall be known as the state civil service system.
SECTION 54. IC 4-15-17 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:
Chapter 17. Employee Organizations
Sec. 1. (a) Except as provided in subsection (b), this chapter does not apply to the following:
(1) The state police department.
(2) A state educational institution (as defined in IC 21-7-13-32).
(3) A political subdivision (as defined in IC 3-5-2-38).
(b) Sections 8, 9, and 10 of this chapter apply to the state police department.
Sec. 2. As used in this chapter, "employee organization" means an entity that works in whole or

in part for the common interest of employees.

Sec. 3. (a) As used in this chapter, "state" means any of the following:

(1) A department, commission, division, authority, board, bureau, or office of state government that exercises any executive powers.

(2) Any statewide elected official.

(3) A body corporate and politic of the state created by state statute.

(b) The term does not include any of the following:

(1) The state police department.

(2) A state educational institution (as defined in IC 21-7-13-32).

(3) A political subdivision (as defined in IC 3-5-2-38).

Sec. 4. Collective bargaining between the state and employee organizations and strikes by state employees are illegal.

Sec. 5. The state shall not:

(1) recognize a union or any other employee organization as a representative of the employees of the state;

(2) bargain collectively with an employee organization;

(3) enter into a collectively bargained agreement; or

(4) require an employee to join or financially support an employee organization.

Sec. 6. An employee of the state is entitled to do any of the following in a manner that does not interfere with the performance of the duties of the employee or of another employee of the state or adversely affect the conduct of state business:

(1) Be a member of or otherwise associate with an employee organization.

(2) Consult with others for the common good of employees.

(3) Financially support an employee organization.

(4) Petition for the redress of grievances.

Sec. 7. Any contract, agreement, settlement, conditions of cooperation, or any other device resulting from negotiations between:

(1) the state; and

(2) an employee organization;

is contrary to public policy and is illegal, unenforceable, void, and of no effect.

Sec. 8. (a) As used in this section, "strike" means any of the following:

(1) A work stoppage or partial cessation of work.

(2) The abstinence, in whole or in part, from the full, faithful, and proper performance of the employee's duties of employment.

(3) Any other interruption or interference with the activities of the state.

(4) The threat or encouragement of the activities described in subdivisions (1) through (3).

(b) An employee of the state shall not strike.

(c) An approved leave of absence or the unconditional resignation of an employee from employment is not a strike.

Sec. 9. A person who violates this chapter commits a Class C infraction. A court may assess damages against a person who violates this chapter, in addition to any civil penalties that are imposed.

Sec. 10. This chapter does not alter, impair, or negate the existing relationship between the state police department and the Indiana state police alliance.

SECTION 55. IC 4-22-2-37.1, AS AMENDED BY P.L.35-2010, SECTION 2, AND AS AMENDED BY P.L.113-2010, SECTION 9, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:

(1) An order adopted by the commissioner of the Indiana department of transportation under

IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an emergency rule.
(2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.
(3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.
(4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.
(5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.
(6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.
(7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.
(8) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.
(9) A rule adopted under IC 16-19-3-5 or IC 16-41-2-1 that the executive board of the state department of health declares is necessary to meet an emergency.
(10) An emergency rule adopted by the Indiana finance authority under IC 8-21-12.
(11) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.
(12) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.
(13) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by or other date provided by federal law, provided:
(A) the variance procedures are included in the rules; and
(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.
(14) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.
(15) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.
(16) An emergency rule adopted by the Indiana gaming commission under IC 4-32.2-3-3(b), IC 4-33-4-2, IC 4-33-4-3, IC 4-33-4-14, *IC 4-33-22-12,* or IC 4-35-4-2.
(17) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.
(18) An emergency rule adopted by the department of financial institutions under IC 28-15-11.
(19) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.
(20) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.
(21) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.
(22) An emergency rule adopted by the Indiana state board of animal health under IC 15-17-10-9.
(23) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.
(24) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34 (repealed).
(25) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33 (repealed).
(26) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).
(27) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) (repealed) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) (repealed) or IC 6-1.1-22.5-20.
(28) An emergency rule adopted by the board of the Indiana economic development corporation

under IC 5-28-5-8.

(29) A rule adopted by the department of financial institutions under IC 34-55-10-2.5.

(30) A rule adopted by the Indiana finance authority:

(A) under IC 8-15.5-7 approving user fees (as defined in IC 8-15.5-2-10) provided for in a public-private agreement under IC 8-15.5;

(B) under IC 8-15-2-17.2(a)(10):

(i) establishing enforcement procedures; and

(ii) making assessments for failure to pay required tolls;

(C) under IC 8-15-2-14(a)(3) authorizing the use of and establishing procedures for the implementation of the collection of user fees by electronic or other nonmanual means; or

(D) to make other changes to existing rules related to a toll road project to accommodate the provisions of a public-private agreement under IC 8-15.5.

(31) An emergency rule adopted by the board of the Indiana health informatics corporation under IC 5-31-5-8.

~~*(32) An emergency rule adopted by the state athletic commission under IC 25-9-1-4.5.*~~

~~*(32)*~~ ~~*(33)*~~ **(32)** An emergency rule adopted by the department of child services under IC 31-25-2-21, IC 31-27-2-4, IC 31-27-4-2, or IC 31-27-4-3.

~~*(34)*~~ *(33)* An emergency rule adopted by the Indiana real estate commission under IC 25-34.1-2-5(15).

~~*(35)*~~ **(34)** *A rule adopted by the department of financial institutions under IC 24-4.4-1-101 and determined necessary to meet an emergency.*

(35) An emergency rule adopted by the office of the secretary of family and social services or the office of Medicaid policy and planning concerning the following:

(A) Federal Medicaid waiver program provisions.

(B) Federal programs administered by the office of the secretary.

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the format of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the publisher for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the format of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the publisher shall:

(1) accept the rule for filing; and

(2) electronically record the date and time that the rule is accepted.

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in subsections (j), (k), and (l), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under

subsection (a)(13), (a)(24), (a)(25), or (a)(27), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. The extension period for a rule adopted under subsection (a)(28) may not exceed the period for which the original rule was in effect. A rule adopted under subsection (a)(13) may be extended for two (2) extension periods. Subject to subsection (j), a rule adopted under subsection (a)(24), (a)(25), or (a)(27) may be extended for an unlimited number of extension periods. Except for a rule adopted under subsection (a)(13), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

(1) sections 24 through 36 of this chapter; or

(2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(8), (a)(12), **(a)(19), (a)(20), (a)(21),** ~~or~~ (a)(29), **or (a)(35)** expires on the earlier of the following dates:

(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule.

(m) A rule described in subsection (a)(5) or (a)(6) expires on the date the department is next required to issue a rule under the statute authorizing or requiring the rule.

SECTION 56. IC 4-31-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. The commission shall use the development funds to provide purses and other funding for the activities described in section 9 of this chapter. **The commission may pay:**

(1) the operating costs of the development programs; and

(2) other costs of administering this chapter;

from one (1) or more of the development funds. However, the amount used for each state fiscal year from these development funds to pay these costs may not exceed two percent (2%) of the amount distributed to those funds during the immediately preceding state fiscal year under IC 4-35-7-12.

SECTION 57. IC 4-35-7-12, AS AMENDED BY P.L.142-2009, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. (a) The Indiana horse racing commission shall enforce the requirements of this section.

(b) Except as provided in subsections (j) and (k), a licensee shall before the fifteenth day of each month devote to the gaming integrity fund, horse racing purses, and to horsemen's associations an amount equal to fifteen percent (15%) of the adjusted gross receipts of the slot machine wagering from the previous month at the licensee's racetrack. The Indiana horse racing commission may not use any of this money for any administrative purpose or other purpose of the Indiana horse racing commission, and the entire amount of the money shall be distributed as provided in this section. A licensee shall pay the first two hundred fifty thousand dollars ($250,000) distributed under this section in a state fiscal year to the Indiana horse racing commission for deposit in the gaming integrity fund established by IC 4-35-8.7-3. After this money has been distributed to the Indiana horse racing commission, a licensee shall distribute the remaining money devoted to horse racing purses and to horsemen's associations under this subsection as follows:

(1) Five-tenths percent (0.5%) shall be transferred to horsemen's associations for equine promotion or welfare according to the ratios specified in subsection (e).

(2) Two and five-tenths percent (2.5%) shall be transferred to horsemen's associations for backside benevolence according to the ratios specified in subsection (e).

(3) Ninety-seven percent (97%) shall be distributed to promote horses and horse racing as provided in subsection (d).

(c) A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection (b)(1) through (b)(2) for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(d) A licensee shall distribute the amounts described in subsection (b)(3) as follows:

(1) Forty-six percent (46%) for thoroughbred purposes as follows:

(A) Sixty percent (60%) for the following purposes:

(i) Ninety-seven percent (97%) for thoroughbred purses.

(ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.

(iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and breeders.

(B) Forty percent (40%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

(2) Forty-six percent (46%) for standardbred purposes as follows:

(A) Seven hundred fifty thousand dollars ($750,000) to the state fair commission to be used by the state fair commission to support standardbred racing and facilities at the state fairgrounds.

(B) Two hundred fifty thousand dollars ($250,000) to the state fair commission to be used by the state fair commission to make grants to county fairs to support standardbred racing and facilities at county fair tracks. The state fair commission shall establish a review committee to include the standardbred association board, the Indiana horse racing commission, and the Indiana county fair association to make recommendations to the state fair commission on grants under this clause.

~~(A)~~ **(C)** Fifty percent (50%) **of the amount remaining after the distributions under clauses (A) and (B)** for the following purposes:

(i) Ninety-six and five-tenths percent (96.5%) for standardbred purses.

(ii) Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.

~~(B)~~ **(D)** Fifty percent (50%) **of the amount remaining after the distributions under clauses (A) and (B)** to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:

(i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(e) Money distributed under subsection (b)(1) and (b)(2) shall be allocated as follows:

(1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.

(3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

(f) Money distributed under this section may not be expended unless the expenditure is for a purpose

authorized in this section and is either for a purpose promoting the equine industry or equine welfare or is for a benevolent purpose that is in the best interests of horse racing in Indiana or the necessary expenditures for the operations of the horsemen's association required to implement and fulfill the purposes of this section. The Indiana horse racing commission may review any expenditure of money distributed under this section to ensure that the requirements of this section are satisfied. The Indiana horse racing commission shall adopt rules concerning the review and oversight of money distributed under this section and shall adopt rules concerning the enforcement of this section. The following apply to a horsemen's association receiving a distribution of money under this section:

(1) The horsemen's association must annually file a report with the Indiana horse racing commission concerning the use of the money by the horsemen's association. The report must include information as required by the commission.

(2) The horsemen's association must register with the Indiana horse racing commission.

(g) The commission shall provide the Indiana horse racing commission with the information necessary to enforce this section.

(h) The Indiana horse racing commission shall investigate any complaint that a licensee has failed to comply with the horse racing purse requirements set forth in this section. If, after notice and a hearing, the Indiana horse racing commission finds that a licensee has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

(1) issue a warning to the licensee;

(2) impose a civil penalty that may not exceed one million dollars ($1,000,000); or

(3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

(i) A civil penalty collected under this section must be deposited in the state general fund.

(j) For a state fiscal year beginning after June 30, 2008, and ending before July 1, 2009, the amount of money dedicated to the purposes described in subsection (b) for a particular state fiscal year is equal to the lesser of:

(1) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; or

(2) eighty-five million dollars ($85,000,000).

If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the state general fund. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.

(k) For a state fiscal year beginning after June 30, 2009, the amount of money dedicated to the purposes described in subsection (b) for a particular state fiscal year is equal to the lesser of:

(1) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; or

(2) the amount dedicated to the purposes described in subsection (b) in the previous state fiscal year increased by a percentage that does not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the year preceding the year in which an increase is established.

If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the state general fund. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.

SECTION 58. IC 4-35-8-1, AS ADDED BY P.L.233-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows on **one hundred percent (100%) of** the adjusted gross receipts received **before July 1, 2012, and on ninety-nine percent (99%) of the adjusted gross receipts received after June 30, 2012,** from wagering on gambling games authorized by this article:

(1) Twenty-five percent (25%) of the first one hundred million dollars ($100,000,000) of adjusted

gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Thirty percent (30%) of the adjusted gross receipts in excess of one hundred million dollars ($100,000,000) but not exceeding two hundred million dollars ($200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Thirty-five percent (35%) of the adjusted gross receipts in excess of two hundred million dollars ($200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

SECTION 59. IC 5-1-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The governing body of any issuing body may by ordinance provide for the issuance of bonds to refund outstanding bonds issued at any time by such issuing body or its predecessor, and to pay redemption premiums and costs of refunding to effect a saving to the issuing body. Issuance of bonds to refund outstanding bonds may also be made in order to pay or discharge all or any part of such outstanding series or issue of bond, including any interest thereon, in arrears or about to become due and for which sufficient funds are not available or to modify restrictive covenants in outstanding bonds impeding additional financing. To determine whether or not a savings will be effected, consideration shall be given to the estimated or known interest payable to the fixed maturities of the refunding bonds, the interest payable on the bonds to be refunded, the costs of issuance of the refunding bonds, including any sale discount, the redemption premiums, if any, to be paid, and the probable earned income from the investment of the refunding bond proceeds pending redemption of the bonds to be refunded.

(b) The provisions of subsection (a) requiring a savings to be effected do not apply to:

(1) the issuance of bonds to refund previously issued refunding bonds, if the statute under which the refunding bonds are issued expressly exempts such an issue from this savings requirement; **or**

(2) the issuance of refunding bonds by a school corporation that is an eligible school corporation under section 2.5 of this chapter.

SECTION 60. IC 5-1-5-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. (a) As used in this section, "eligible school corporation" means a school corporation (as defined in IC 36-1-2-17) that satisfies all the conditions required by this section.**

(b) As used in this section, "increment" means the annual difference between:

(1) the annual debt service payment for the bonds proposed to be retired or refunded; and

(2) the annual debt service payment for the proposed refunding bonds;

for each year that the bonds that are being retired or refunded would have been outstanding.

(c) In order for a school corporation to be an eligible school corporation under this section, the school corporation must determine that the percentage determined under this subsection as follows for the school corporation is at least thirty percent (30%) regarding the year for which the latest certified levies have been determined:

(1) The amount of credits granted under IC 6-1.1-20.6 against the school corporation's combined levy for the school corporation's:

(A) debt service fund;

(B) capital projects fund;

(C) transportation fund;
(D) school bus replacement fund; and
(E) racial balance fund.
(2) The school corporation's combined levy for the school corporation's:
(A) capital projects fund;
(B) transportation fund;
(C) school bus replacement fund; and
(D) racial balance fund.
(3) The amount determined under subdivision (1) divided by the amount determined under subdivision (2), expressed as a percentage.

(d) A school corporation that desires to be an eligible school corporation under this section must conduct a public hearing and provide notice of the time, date, and place of the hearing, published as required by IC 5-3-1, before the school corporation may adopt an ordinance under this section. At the public hearing, the governing body must provide the following information:
(1) The annual debt service payments, applicable debt service tax rate, and total debt service payments for the bonds proposed to be retired or refunded.
(2) The annual debt service payments, applicable debt service fund tax rate, and total debt service payments for the proposed refunding bonds.
(3) The annual increment for each year that the bonds that are being retired or refunded would have been outstanding and any other benefits to be derived from issuing the refunding bonds.

(e) A school corporation that desires to be an eligible school corporation under this section must, before July 1, 2013, and notwithstanding any other law, adopt an ordinance that sets forth the following:
(1) The determinations made under subsection (c).
(2) A determination providing for the:
(A) issuance of bonds to refund all or any part of outstanding bonds or leases issued by or on behalf of the school corporation; and
(B) payment of redemption premiums and the costs of the refunding.
(3) With respect to the refunding bonds, the following:
(A) The maximum principal amount.
(B) The maximum interest rate.
(C) The annual lease or debt service payment.
(D) The final maturity date.
(E) The estimated amount of the increment that will occur for each year that the bonds that are being retired or refunded by the issuance of refunding bonds would have been outstanding.
(F) A finding that the annual debt service or lease payment on the refunding bonds will not increase the annual debt service or lease payment above the annual debt service or lease payment approved by the school corporation for the original project.

If the governing body adopts an ordinance under this section, the governing body must publish notice of the adoption of the ordinance as required by IC 5-3-1.

(f) An eligible school corporation may issue refunding bonds as permitted by this section. In addition, an eligible school corporation may extend the repayment period beyond the repayment period for the bonds that are being retired or refunded by the issuance of refunding bonds. However, the repayment period may be extended only once for a particular bond, and the extension may not exceed ten (10) years.

(g) Property taxes imposed by an eligible school corporation through December 31, 2019, to pay debt service for bonds permitted by this section may not be considered in an eligible county, as used

in Article 10, Section 1(h) of the Constitution of the State of Indiana, for purposes of calculating the limits to property tax liability under Article 10, Section 1 of the Constitution of the State of Indiana.

SECTION 61. IC 5-1-5-17, AS ADDED BY P.L.146-2008, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17. (a) This section applies to bonds that are:

(1) issued after June 30, 2008, by a local issuing body; and

(2) payable from ad valorem property taxes, special benefit taxes on property, or tax increment revenues derived from property taxes;

including bonds that are issued under a statute that permits the bonds to be issued without complying with any other law or otherwise expressly exempts the bonds from the requirements of this section.

(b) **Except as provided by section 2.5 of this chapter,** the last date permitted under an agreement for the payment of principal and interest on bonds that are issued to retire or otherwise refund other revenue bonds or general obligation bonds may not extend beyond the maximum term of the bonds being refunded.

SECTION 62. IC 5-1-5-18, AS ADDED BY P.L.146-2008, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 18. (a) This section applies to bonds that are:

(1) issued after June 30, 2008, by a local issuing body; and

(2) payable from ad valorem property taxes, special benefit taxes on property, or tax increment revenues derived from property taxes;

including bonds that are issued under a statute that permits the bonds to be issued without complying with any other law or otherwise expressly exempts the bonds from the requirements of this section.

(b) Savings (as computed under section 2 of this chapter) that accrue from the issuance of bonds to retire or otherwise refund other bonds may be used only for the following purposes:

(1) To maintain a debt service reserve fund for the refunding bonds at the level required under the terms of the refunding bonds, if the local issuing body adopts an ordinance, resolution, or order authorizing that use of the proceeds or earnings.

(2) To pay the principal or interest, or both, on:

(A) the refunding bonds; or

(B) other bonds, if the issuing body approves an ordinance authorizing the use of the savings to pay principal or interest on other bonds.

(3) To reduce the rate or amount of ad valorem property taxes, special benefit taxes on property, or tax increment revenues imposed by or allocated to the local issuing body.

(c) An increment as computed under section 2.5 of this chapter that occurs from the issuance of bonds by an eligible school corporation to retire or otherwise refund other bonds as provided in section 2.5 of this chapter may be used only to make transfers permitted by IC 20-46-7-15 for the eligible school corporation.

SECTION 63. IC 5-1-14-10, AS AMENDED BY P.L.182-2009(ss), SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) If an issuer has issued obligations under a statute that establishes a maximum term or repayment period for the obligations, notwithstanding that statute, the issuer may continue to make payments of principal, interest, or both, on the obligations after the expiration of the term or period if principal or interest owed to owners of the obligations remains unpaid.

(b) This section does not authorize the use of revenues or funds to make payments of principal and interest other than those revenues or funds that were pledged for the payments before the expiration of the term or period.

(c) Except as otherwise provided by this section, **IC 5-1-5-2.5,** IC 16-22-8-43, IC 36-7-12-27, IC 36-7-14-25.1, or IC 36-9-13-30 (but only with respect to any bonds issued under IC 36-9-13-30 that are secured by a lease entered into by a political subdivision organized and existing under IC 16-22-8), the maximum term or repayment period for obligations issued after June 30, 2008, that are wholly or partially payable from ad valorem property taxes, special benefit taxes on property, or tax increment

revenues derived from property taxes may not exceed:

(1) the maximum applicable period under federal law, for obligations that are issued to evidence loans made or guaranteed by the federal government or a federal agency;

(2) twenty-five (25) years, for obligations that are wholly or partially payable from tax increment revenues derived from property taxes; or

(3) twenty (20) years, for obligations that are not described in subdivision (1) or (2), and are wholly or partially payable from ad valorem property taxes or special benefit taxes on property.

SECTION 64. IC 5-1.5-5-4, AS AMENDED BY P.L.235-2005, SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) Except as provided in subsection (c), and in order to assure the maintenance of the required debt service reserve in any reserve fund, a resolution authorizing the bank to issue bonds or notes may include a provision stating that:

(1) the general assembly may annually appropriate to the bank for deposit in one (1) or more of the funds the sum, certified by the chairman of the board to the general assembly, that is necessary to restore one (1) or more of the funds to an amount equal to the required debt service reserve; and

(2) the chairman annually, before December 1, shall make and deliver to the general assembly a certificate stating the sum required to restore the funds to that amount.

Nothing in this subsection creates a debt or liability of the state to make any appropriation.

(b) All amounts received on account of money appropriated by the state to any reserve fund shall be held and applied in accordance with section 1(b) of this chapter. However, at the end of each fiscal year, if the amount in any reserve fund exceeds the required debt service reserve, any amount representing earnings or income received on account of any money appropriated to the reserve fund that exceeds the expenses of the bank for that fiscal year may be transferred to the general fund of the state.

(c) Notwithstanding any other law, and except as provided by subsection (d), after June 30, 2005, the:

(1) issuance by the bank of any indebtedness that incorporates the provisions set forth in subsection (a) or otherwise establishes a procedure for the bank or a person acting on behalf of the bank to certify to the general assembly the amount needed to restore a reserve fund or another fund to required levels; or

(2) execution by the bank of any other agreement that creates a ~~moral obligation of the state~~ **reserve fund subject to the provisions of subsection (a)** to pay all or part of any indebtedness issued by the bank;

is subject to **the conditions set forth in subsection (e) and** review by the budget committee and approval by the budget director **as required by subsection (f).**

(d) If the budget committee does not conduct a review of a proposed transaction under subsection (c) within twenty-one (21) days after a request by the bank, the review is considered to have been conducted. If the budget director does not approve or disapprove a proposed transaction under subsection (c) within twenty-one (21) days after a request by the bank, the transaction is considered to have been approved.

(e) Issuance by the bank of any indebtedness that establishes a reserve fund under subsection (a), the establishment of a procedure for certification, or the execution by the bank of any other agreement that creates a reserve fund subject to subsection (a) may be extended only for a project or a purpose that:

(1) can be financed by a qualified entity under the law applying to financing by the qualified entity; or

(2) is specifically authorized by the general assembly.

A reserve fund established under subsection (a) may only be used to finance the purchase of securities (as defined and IC 5-1.5-1-10) issued by entities described in IC 5-1.5-1-8.

(f) The budget director may approve establishing a reserve fund under subsection (a) only if the following conditions are satisfied:

(1) The project or purpose qualifies under subsection (e).

(2) The documentation required by subsection (g) has been provided by the bank.

(3) The bank has provided the budget agency with a written finding that revenues available to the qualified entity to pay annual debt service exceed the annual debt service requirements by at least one hundred twenty percent (120%).

(4) If the financing is for a project or purpose that will produce ongoing revenue from fees or user charges, the qualified entity agrees to include a provision in the instrument governing the qualified entity's duties with respect to the security (as defined in IC 5-1.5-1-10) that the qualified entity will first increase the rate of the fees or user charges, or both, by an amount sufficient to satisfy any shortfall in the reserve fund established under subsection (a) before subsection (a) is to be applied.

(5) If a qualified entity seeking the benefit of a reserve fund established under subsection (a) has the authority to impose property taxes, the qualified entity agrees to include a provision in the instrument governing the qualified entity's duties with respect to the security (as defined in IC 5-1.5-1-10) that the qualified entity will increase its property tax levy by an amount sufficient to satisfy any shortfall in the reserve fund established under subsection (a) before subsection (a) is to be applied.

(6) The instrument governing the qualified entity's duties with respect to the security (as defined in IC 5-1.5-1-10) will include, to the extent the budget director determines is possible, a provision that money payable to the qualified entity by the state may be withheld by the auditor of state to recover any funds provided by the state, if subsection (a) is applied in connection with the qualified entity's securities.

(g) If the bank proposes that a reserve fund be established under subsection (a) for a project or purpose, the bank shall provide to the budget committee and the budget agency at or before the time of the bank's request, the following information in writing:

(1) A description of the project or purpose.

(2) How the project or purpose satisfies the requirements of subsection (e).

(3) The qualified entity's application for financing that was filed with the bank.

(4) The estimated relative savings that can be achieved by establishing a reserve fund under subsection (a).

(5) The finding required by subsection (f)(3) and proposed language for those instrument provisions required by subsection (f)(4) through (f)(6), if applicable.

(6) Any other information required by the budget committee or budget agency.

SECTION 65. IC 5-10-8-6, AS AMENDED BY P.L.227-2007, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) The state police department, conservation officers of the department of natural resources, ~~gaming agents of the Indiana gaming commission, gaming control officers of the Indiana gaming commission,~~ and the state excise police may establish common and unified plans of self-insurance for their employees, including retired employees, as separate entities of state government. These plans may be administered by a private agency, business firm, limited liability company, or corporation.

(b) Except as provided in **this section and** IC 5-10-14, the state agencies listed in subsection (a) may not pay as the employer part of benefits for any employee or retiree an amount greater than that paid for other state employees for group insurance.

(c) This subsection applies to a health benefit plan for an individual described in subsection (a). After June 30, 2011, at least one (1) time in each state fiscal year, the budget agency shall determine the average amount of contributions made under IC 5-10-8.5-15 and IC 5-10-8.5-16 to participants in a health reimbursement arrangement or other separate fund under IC 5-10-8.5 in the immediately preceding state fiscal year. In the state fiscal year beginning July 1, 2011, the amount determined under this section must exclude contributions made to persons described in IC 5-10-8.5-15(c) and IC 5-10-8.5-16(f). An amount equal to the average amount determined under this subsection multiplied by the number of participants (other than retired participants) in the

plans described in subsection (a) shall be transferred to the plans described in subsection (a). The amount transferred under this subsection shall be proportionally allocated to each plan relative to the number of members in each plan. The amount allocated to a plan under this subsection shall be allocated among the participants in the plan in the same manner as other employer contributions. Funds shall be used only to reduce unfunded other post-employment benefit (OPEB) liability and not to increase benefits or reduce premiums.

SECTION 66. IC 5-10-8-7.3, AS AMENDED BY P.L.93-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7.3. (a) As used in this section, "covered individual" means an individual who is:

(1) covered under a self-insurance program established under section 7(b) of this chapter to provide group health coverage; or

(2) entitled to services under a contract with a prepaid health care delivery plan that is entered into or renewed under section 7(c) of this chapter.

(b) As used in this section, "early intervention services" means services provided to a first steps child under IC 12-12.7-2 and 20 U.S.C. 1432(4).

(c) As used in this section, "first steps child" means an infant or toddler from birth through two (2) years of age who is enrolled in the Indiana first steps program and is a covered individual.

(d) As used in this section, "first steps program" refers to the program established under IC 12-12.7-2 and 20 U.S.C. 1431 et seq. to meet the needs of:

(1) children who are eligible for early intervention services; and

(2) their families.

The term includes the coordination of all available federal, state, local, and private resources available to provide early intervention services within Indiana.

(e) As used in this section, "health benefits plan" means a:

(1) self-insurance program established under section 7(b) of this chapter to provide group health coverage; or

(2) contract with a prepaid health care delivery plan that is entered into or renewed under section 7(c) of this chapter.

(f) A health benefits plan that provides coverage for early intervention services shall reimburse the first steps program ~~for payments made by the program for early intervention services that are covered under the health benefits plan.~~ **a monthly fee established by the division of disability and rehabilitative services established by IC 12-9-1-1. The monthly fee shall be provided instead of claims processing of individual claims.**

(g) The reimbursement required under subsection (f) may not be applied to any annual or aggregate lifetime limit on the first steps child's coverage under the health benefits plan.

~~(h) The first steps program may pay required deductibles, copayments, or other out-of-pocket expenses for a first steps child directly to a provider. A health benefits plan shall apply any payments made by the first steps program to the health benefits plan's deductibles, copayments, or other out-of-pocket expenses according to the terms and conditions of the health benefits plan.~~

(h) The monthly fee required under subsection (f) may not be reduced or denied as a result of:

(1) a required deductible;

(2) copayments;

(3) coinsurance; or

(4) other out-of-pocket expenses.

SECTION 67. IC 5-10-8-8.5, AS ADDED BY P.L.182-2009(ss), SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8.5. (a) The retiree health benefit trust fund is established to provide funding for a retiree health benefit plan developed under IC 5-10-8.5.

(b) The trust fund shall be administered by the budget agency. The expenses of administering the trust fund shall be paid from money in the trust fund. The trust fund consists of cigarette tax revenues deposited

in the fund under ~~IC 6-7-1-28.1(7)~~ **IC 6-7-1-28.1(6)** and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1.

(c) The treasurer of state shall invest the money in the trust fund not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested.

(d) The trust fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the trust fund by the state board of finance, the budget agency, or any other state agency.

(e) The trust fund shall be established and administered in a manner that complies with Internal Revenue Code requirements concerning health reimbursement arrangement (HRA) trusts. Contributions by the state to the trust fund are irrevocable. All assets held in the trust fund must be held for the exclusive benefit of participants of the retiree health benefit plan developed under IC 5-10-8.5 and their beneficiaries. All assets in the trust fund:

(1) are dedicated exclusively to providing benefits to participants of the plan and their beneficiaries according to the terms of the plan; and

(2) are exempt from levy, sale, garnishment, attachment, or other legal process.

(f) Money in the trust fund does not revert to the state general fund at the end of any state fiscal year.

(g) The money in the trust fund is appropriated to the budget agency for providing the retiree health benefit plan developed under IC 5-10-8.5.

SECTION 68. IC 5-10-8.5-1, AS ADDED BY P.L.44-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) **Except as provided in this section,** this chapter applies to an individual who is one (1) of the following:

(1) An employee of the executive, legislative, or judicial branch of state government.

(2) A state elected or appointed officer.

(3) A member of the general assembly.

(4) An elected officer paid by the state.

(5) An officer paid by the state under IC 33-23-5-10, IC 33-38-5-7, or IC 33-39-6-2.

(b) An individual described in subsection (a) **other than the following** is a participant in the retirement medical benefits account:

(1) A conservation officer of the department of natural resources.

(2) An employee of the state excise police.

(3) An employee of the state police department, other than the following:

(A) An employee of the state police department who waived coverage under a common and unified plan of self-insurance under IC 5-10-8-6 before July 1, 2011.

(B) An employee of the state police department who makes an election under IC 5-10-8.5-9.5.

(C) An employee of the state police department who makes an election under IC 5-10-8.5-9.6.

SECTION 69. IC 5-10-8.5-5, AS ADDED BY P.L.44-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. As used in this chapter, "employer" means the following:

(1) For an elected officer, appointed officer, or employee of the executive branch of state government **who is a participant in the retirement medical benefits account,** the state, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of the state, having a payroll in relation to persons it immediately employs.

(2) For a member of the general assembly or an employee of the legislative branch of state government:

(A) the president pro tempore of the senate, for a member or an employee of the senate;

(B) the speaker of the house, for a member or an employee of the house of representatives; or

(C) the personnel subcommittee of the legislative council, for an employee of the legislative services agency.

(3) For:

(A) a justice;

(B) a judge;

(C) a prosecuting attorney;

(D) an officer described under section 1(a)(5) of this chapter; or

(E) an employee of the judicial branch of state government, including an employee of any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of the judicial branch, having a payroll in relation to persons it immediately employs;

the Indiana supreme court.

SECTION 70. IC 5-10-8.5-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9.5. (a) This section applies only to a person who:**

(1) was an employee of the executive, legislative, or judicial branch of state government (other than employee described in section 1(b)(1) through 1(b)(3) of this chapter);

(2) after June 30, 2007, and before July 1, 2011, left employment in the position described in subdivision (1) and was employed by the state police department in a position other than an as eligible employee (as defined in IC 10-12-1-3); and

(3) on July 1, 2011, is employed by the state police department in a position other than an as eligible employee (as defined in IC 10-12-1-3).

(b) A person who satisfies the conditions of subsection (a) may after June 30, 2011, and before September 1, 2011, make a one (1) time irrevocable election to become a participant in the retirement medical benefits account. A person who makes an election under this subsection to become a participant in the retirement medical benefits account may not also be a participant in the state police retiree medical benefit plan.

SECTION 71. IC 5-10-8.5-9.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9.6. (a) This section applies only to a person who:**

(1) is an employee of the executive, legislative, or judicial branch of state government (other than employee described in section 1(b)(1) through 1(b)(3) of this chapter); **and**

(2) after June 30, 2011, leaves employment in the position described in subdivision (1) and becomes employed by the state police department in a position other than an as eligible employee (as defined in IC 10-12-1-3).

(b) A person who satisfies the conditions of subsection (a) may, not more than sixty (60) days after leaving employment as described in subsection (a)(1) and becoming employed by the state police department in a position other than an as eligible employee (as defined in IC 10-12-1-3), make a one (1) time irrevocable election to remain a participant in the retirement medical benefits account. A person who makes an election under this subsection to remain a participant in the retirement medical benefits account may not also be a participant in the state police retiree medical benefit plan.

SECTION 72. IC 5-10-8.5-15, AS AMENDED BY P.L.182-2009(ss), SECTION 69, AND AS AMENDED BY P.L.182-2009(ss), SECTION 517, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. (a) **Except as provided in subsections (c) and (d),** a participant's employer shall make contributions annually to the account on behalf of the participant. The amount of the contribution each fiscal year must equal the following, based on the participant's age on the last day of the calendar year that is in the fiscal year in which the contribution is made:

Participant's Age in Years Annual Contribution

	Amount
Less than 30	$ 500
At least 30, but less than 40	$ 800
At least 40, but less than 50	$1,100
At least 50	$1,400

(b) The budget agency shall determine by rule the date on which the contributions are credited to participants' subaccounts.

(c) A contribution under this section shall not be made after June 30, 2011, to any of the following participants:

(1) A conservation officer of the department of natural resources.

(2) An employee of the state excise police.

(3) An employee of the state police department, other than the following:

(A) An employee of the state police department who waived coverage under a common and unified plan of self-insurance under IC 5-10-8-6 before July 1, 2011.

(B) An employee of the state police department who makes an election under IC 5-10-8.5-9.5.

(C) An employee of the state police department who makes an election under IC 5-10-8.5-9.6.

(d) For individuals who are employed on June 30, 2011, the accrued annual contributions made in accordance with subsection (a) to an account described in section 14 of this chapter on behalf of the individuals for any years the individuals were employed as described in section 1(b)(1) through 1(b)(3) of this chapter shall be transferred to the respective plans described in IC 5-10-8-6(a) for those individuals and shall be used only to reduce the unfunded other post-employment benefit (OPEB) liability of those plans and not to increase benefits or reduce premiums.

SECTION 73. IC 5-10-8.5-16, AS AMENDED BY P.L.3-2008, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 16. (a) **Except as provided in subsection (f),** if a participant meets all of the following conditions, the participant is entitled to receive an additional contribution credited to the participant's subaccount and computed as described in subsection (b):

(1) The participant is:

(A) on the participant's last day of service with the participant's employer, eligible for and has applied to receive a normal, unreduced retirement benefit from the public employee retirement fund of which the participant is a member; or

(B) on the participant's last day of service, an elected or appointed officer.

(2) After June 30, 2007, and before July 1, 2017, the participant terminates service:

(A) from the employer; or

(B) as an elected or appointed officer.

(3) By the participant's last day of service, the participant has completed:

(A) fifteen (15) years of service with the employer; or

(B) ten (10) years of service as an elected or appointed officer.

(b) The amount of the contribution to a participant's subaccount under this section is the product of:

(1) the participant's years of service (rounded down to the nearest whole year):

(A) with the participant's employer, determined on the participant's last day of service with the participant's employer; or

(B) as an elected or appointed officer, determined on the participant's last day of service as an elected or appointed officer; multiplied by

(2) one thousand dollars ($1,000).

(c) For a participant who has service with more than one (1) employer, the participant's years of service used in the computation under subsection (b)(1) is the sum of all of the participant's years of service.

(d) The participant's employer must credit the additional contribution made under this section to the

participant's subaccount not later than sixty (60) days after the participant's last day of service.

(e) A participant who meets the requirements to receive an additional contribution under this section may receive the additional contribution only once, regardless of the participant's employment after the payment of the additional contribution.

(f) An additional contribution under this section shall not be made after June 30, 2011, to any of the following participants:

(1) A conservation officer of the department of natural resources.

(2) An employee of the state excise police.

(3) An employee of the state police department, other than the following:

(A) An employee of the state police department who waived coverage under a common and unified plan of self-insurance under IC 5-10-8-6 before July 1, 2011.

(B) An employee of the state police department who makes an election under IC 5-10-8.5-9.5.

(C) An employee of the state police department who makes an election under IC 5-10-8.5-9.6.

~~(f)~~ **(g)** This section expires July 1, 2017.

SECTION 74. IC 5-10-8.5-17, AS ADDED BY P.L.44-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17. (a) A retired participant is entitled to receive a benefit from the account.

(b) A participant who is not a retired participant is not entitled to receive a benefit from the account when the participant separates from service.

(c) Years of service that accrued to an individual during the individual's service as an employee described in section 1(b)(1) through 1(b)(3) of this chapter may not be included in determining the individual's eligibility for the retirement medical benefits account under this chapter, regardless of whether the individual is a retired participant described in section 9 of this chapter.

SECTION 75. IC 6-1.1-20-10, AS AMENDED BY HEA 1238-2011, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) This section applies to a political subdivision that adopts an ordinance or a resolution making a preliminary determination to issue bonds or enter into a lease. Except as otherwise provided in this section, during the period commencing with the adoption of the ordinance or resolution and, if a petition and remonstrance process is commenced under section 3.2 of this chapter, continuing through the sixty (60) day period commencing with the notice under section 3.2(b)(1) of this chapter, the political subdivision seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the petition or remonstrance by doing any of the following:

(1) Using facilities or equipment, including mail and messaging systems, owned by the political subdivision to promote a position on the petition or remonstrance, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the petition or remonstrance or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, registered professional engineer, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime, or otherwise compelling an employee to promote a position on the petition or remonstrance at any time. However, if a person described in subsection ~~(c)~~ **(f)** is advocating for or against a position on the petition or remonstrance or discussing the petition or remonstrance as authorized under subsection ~~(c),~~ **(f),** an employee of the political subdivision may assist the person in presenting information on the petition or remonstrance, if requested to do so by

the person described in subsection ~~(c).~~ **(f).**

(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences or in any way involving students in a school organized promotion of a position;(B) including a statement within another communication sent to the students' residences; or

(C) initiating discussion of the petition and remonstrance process at a meeting between a teacher and parents of a student regarding the student's performance or behavior at school. However, if the parents initiate a discussion of the petition and remonstrance process at the meeting, the teacher may acknowledge the issue and direct the parents to a source of factual information on the petition and remonstrance process.

However, this section does not prohibit an official or employee of the political subdivision from carrying out duties with respect to a petition or remonstrance that are part of the normal and regular conduct of the official's or employee's office or agency, including the furnishing of factual information regarding the petition and remonstrance in response to inquiries from any person.

(b) A person may not solicit or collect signatures for a petition or remonstrance on property owned or controlled by the political subdivision.

(c) The staff and employees of a school corporation may not personally identify a student as the child of a parent or guardian who supports or opposes a petition or remonstrance.

(d) A person or an organization that has a contract or arrangement (whether formal or informal) with a school corporation to provide goods or services to the school corporation may not spend any money to promote a position on a petition or remonstrance. A person or an organization that violates this subsection commits a Class A infraction. This subsection does not apply to a person or organization if the person's or organization's contract or arrangement with the school corporation is solely for the use of the school corporation's facilities.

~~(d)~~ **(e)** An attorney, an architect, registered professional engineer, a construction manager, or a financial adviser for professional services provided with respect to a controlled project may not spend any money to promote a position on the petition or remonstrance. A person who violates this subsection:

(1) commits a Class A infraction; and

(2) is barred from performing any services with respect to the controlled project.

~~(e)~~ **(f)** Notwithstanding any other law, an elected or appointed public official of the political subdivision (including any school board member and school corporation superintendent), a school corporation assistant superintendent, or a chief school business official of a school corporation may at any time:

(1) personally advocate for or against a position on the petition or remonstrance; or

(2) discuss the petition or remonstrance with any individual, group, or organization or personally advocate for or against a position on the petition or remonstrance before any individual, group, or organization;

so long as it is not done by using public funds. Advocacy or discussion allowed under this subsection is not considered a use of public funds. However, this subsection does not authorize or apply to advocacy or discussion by a school board member, superintendent, assistant superintendent, or school business official to or with students that occurs during the regular school day.

SECTION 76. IC 6-1.1-20-10.1, AS AMENDED BY HEA 1238-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10.1. (a) This section applies only to a political subdivision that, after June 30, 2008, adopts an ordinance or a resolution making a preliminary determination to issue bonds or enter into a lease subject to sections 3.5 and 3.6 of this chapter.

(b) Except as otherwise provided in this section, during the period beginning with the adoption of the ordinance or resolution and continuing through the day on which a local public question is submitted to the voters of the political subdivision under section 3.6 of this chapter, the political subdivision seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the

local public question by doing any of the following:

(1) Using facilities or equipment, including mail and messaging systems, owned by the political subdivision to promote a position on the local public question, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the local public question. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, a registered professional engineer, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the local public question during the employee's normal working hours or paid overtime, or otherwise compelling an employee to promote a position on the local public question at any time. However, if a person described in subsection ~~(e)~~ **(f)** is advocating for or against a position on the local public question or discussing the local public question as authorized under subsection ~~(e),~~ **(f),** an employee of the political subdivision may assist the person in presenting information on the local public question, if requested to do so by the person described in subsection ~~(e).~~ **(f).**

(4) In the case of a school corporation, promoting a position on a local public question by:

(A) using students to transport written materials to their residences or in any way involving students in a school organized promotion of a position;

(B) including a statement within another communication sent to the students' residences;

(C) initiating discussion of the local public question at a meeting between a teacher and parents of a student regarding the student's performance or behavior at school. However, if the parents initiate a discussion of the local public question at the meeting, the teacher may acknowledge the issue and direct the parents to a source of factual information on the local public question.

However, this section does not prohibit an official or employee of the political subdivision from carrying out duties with respect to a local public question that are part of the normal and regular conduct of the official's or employee's office or agency, including the furnishing of factual information regarding the local public question in response to inquiries from any person.

(c) The staff and employees of a school corporation may not personally identify a student as the child of a parent or guardian who supports or opposes a controlled project subject to a local public question held under section 3.6 of this chapter.

(d) A person or an organization that has a contract or arrangement (whether formal or informal) with a school corporation to provide goods or services to the school corporation may not spend any money to promote a position on a local public question. A person or an organization that violates this subsection commits a Class A infraction. This subsection does not apply to a person or organization if the person's or organization's contract or arrangement with the school corporation is solely for the use of the school corporation's facilities.

~~(d)~~ **(e)** An attorney, an architect, a registered professional engineer, a construction manager, or a financial adviser for professional services provided with respect to a controlled project may not spend any money to promote a position on a local public question. A person who violates this subsection:

(1) commits a Class A infraction; and

(2) is barred from performing any services with respect to the controlled project.

~~(e)~~ **(f)** Notwithstanding any other law, an elected or appointed public official of the political subdivision (including any school board member and school corporation superintendent), a school corporation assistant superintendent, or a chief school business official of a school corporation may at any time:

(1) personally advocate for or against a position on the local public question; or

(2) discuss the public question with any individual, group, or organization or otherwise personally advocate for or against a position on the public question before any individual, group, or

organization;

so long as it is not done by using public funds. Advocacy or discussion allowed under this subsection is not considered a use of public funds. However, this subsection does not authorize or apply to advocacy or discussion by a school board member, superintendent, assistant superintendent, or school business official to or with students that occurs during the regular school day.

~~(f)~~ **(g)** A student may use school equipment or facilities to report or editorialize about a local public question as part of the news coverage of the referendum by student newspaper or broadcast.

SECTION 77. IC 6-2.5-3-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9. (a) The budget agency shall before September 1 of each year certify to the state budget committee:**

(1) whether an excess of use taxes has been collected from remote sellers; and

(2) the amount of the excess, if any.

(c) If the budget agency certifies to the budget committee:

(1) that provisions implementing the Streamlined Sales and Use Tax Agreement have been enacted into law by the United States Congress; and

(2) that there is an excess in use tax collections on remote sales;

the excess amount is appropriated from the state general fund for the state fiscal year in which the certification is made. The budget agency shall allot the excess amount to the state student assistance commission to be distributed to eligible students as financial assistance designated for educational costs for children of veterans under IC 21-14-4.

SECTION 78. IC 6-3-1-3.5, AS AMENDED BY P.L.182-2009(ss), SECTION 186, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) for taxable years beginning after December 31, 2004, one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004); and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political

subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in

the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(23) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(24) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(25) Subtract any amount of a credit (including an advance refund of the credit) that is provided to an individual under 26 U.S.C. 6428 (federal Economic Stimulus Act of 2008) and included in the individual's federal adjusted gross income.

(26) Add any amount of unemployment compensation excluded from federal gross income, as defined in Section 61 of the Internal Revenue Code, under Section 85(c) of the Internal Revenue Code.

(27) Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

(28) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(29) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(30) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(31) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(32) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(33) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that

made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(34) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(35) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(36) Add the amount excluded from gross income under Section 408(d)(8) of the Internal Revenue Code for a charitable distribution from an individual retirement plan.

(37) Add the amount deducted from gross income under Section 222 of the Internal Revenue Code for qualified tuition and related expenses.

(38) Add the amount excluded from gross income under Section 127 of the Internal Revenue Code as annual employer provided education expenses.

(39) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that the property was placed into service.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic

production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(13) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(14) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(18) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(20) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that the property was placed into service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the

Internal Revenue Code.

(11) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that the property was placed into service.

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.
(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.
(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).
(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.
(9) Subtract income that is:
(A) exempt from taxation under IC 6-3-2-21.7; and
(B) included in the insurance company's taxable income under the Internal Revenue Code.
(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.
(11) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.
(12) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.
(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.
(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had

an election for federal income tax purposes not been made for the year.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(16) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(17) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(18) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that the property was placed into service.

(19) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(8) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(9) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(10) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.

(11) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(12) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(13) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(14) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(A) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(B) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(15) Add the amount excluded from gross income under Section 108(a)(1)(e) of the Internal Revenue Code for the discharge of debt on a qualified principal residence.

(16) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that the property was placed into service.

(17) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars ($2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars ($2,500).

SECTION 79. IC 6-3-1-11, AS AMENDED BY P.L.113-2010, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 11. (a) **Except as provided in subsection (d),** the term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2010.~~ **2011.**

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2010,~~ **2011,** that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2010,~~ **2011,** shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2010,~~ **2011,** that is effective for any taxable year that began before January 1, ~~2010,~~ **2011,** and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

(d) Section 954(c)(6) of the Internal Revenue Code (pertaining to the look-through treatment of payments between related controlled foreign corporations under foreign personal holding company rules and as amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312)) is to be treated as though Section 954(c)(6) of the Internal Revenue Code was not amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312). The department shall develop forms and adopt any necessary rules under IC 4-22-2 to implement this subsection.

SECTION 80. IC 6-3.1-21-6, AS AMENDED BY P.L.1-2009, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 6. (a) Except as provided by subsection (b), an individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code, **as Section 32 of the Internal Revenue Code existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of**

2010 (P.L. 111-312), is eligible for a credit under this chapter equal to nine percent (9%) of the amount of the federal earned income tax credit that the individual:

(1) is eligible to receive in the taxable year; and

(2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code, **as Section 32 of the Internal Revenue Code existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).**

(b) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the amount of the credit is equal to the product of:

(1) the amount determined under subsection (a); multiplied by

(2) the quotient of the taxpayer's income taxable in Indiana divided by the taxpayer's total income.

(c) If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess, less any advance payments of the credit made by the taxpayer's employer under IC 6-3-4-8 that reduce the excess, shall be refunded to the taxpayer.

SECTION 81. IC 6-3.5-1.1-9, AS AMENDED BY P.L.113-2010, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), (g), and (h). The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-1.1-21.1.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor, the department, and the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.

(c) The budget agency shall certify an amount less than the amount determined under subsection (b) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or

mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that initially imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after August 1 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), (e), (g), and (h). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in the adjustment.

(g) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

(i) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(j) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(k) The estimates under subsections (i) and (j) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 24 of this chapter, the additional rate authorized under section 25 of this chapter, the additional rate authorized under section 26 of this chapter, and any other additional rates authorized under this chapter.

SECTION 82. IC 6-3.5-1.1-21.1, AS AMENDED BY P.L.182-2009(ss), SECTION 214, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21.1. (a) If the budget agency determines that ~~a sufficient~~ **the** balance ~~exists~~ in a county account ~~in excess of the amount necessary, when added to other money that will be deposited in the account after the date of the determination, to make~~ **exceeds one hundred fifty percent (150%) of the** certified distributions **to be made** to the county in the ensuing year, the budget agency shall make a supplemental distribution to ~~a~~ **the** county from the county's adjusted gross income tax account.

(b) A supplemental distribution described in subsection (a) must be:

(1) made in January of the ensuing calendar year; and

(2) allocated and, subject to subsection (d), used in the same manner as certified distributions. **However, the part of a supplemental distribution that is attributable to an additional rate authorized under this chapter:**

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county account exceeds one hundred fifty percent (150%) of the certified distributions to be made to the county in the ensuing year.

(c) A determination under this section must be made before October 2.

(d) This subsection applies to that part of a distribution made under this section that is allocated and available for use in the same manner as certified shares. The civil taxing unit receiving the money shall deposit the money in the civil taxing unit's rainy day fund established under IC 36-1-8-5.1.

SECTION 83. IC 6-3.5-6-17, AS AMENDED BY P.L.113-2010, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) The budget agency shall certify an amount less than the amount determined under subsection (b) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce

the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after August 1 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), and (f). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in the adjustment.

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(j) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, and any other additional rates authorized under this chapter.

SECTION 84. IC 6-3.5-6-17.3, AS AMENDED BY P.L.182-2009(ss), SECTION 221, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17.3. (a) If the budget agency determines that ~~a sufficient~~ **the** balance ~~exists~~ in a county account ~~in excess of the amount necessary, when added to other money that will be deposited in the account after the date of the determination, to make~~ **exceeds one hundred fifty percent (150%) of the** certified distributions to **be made to** the county in the ensuing

year, the budget agency shall make a supplemental distribution to ~~a~~ **the** county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

(1) made in January of the ensuing calendar year; and

(2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. **However, the part of a supplemental distribution that is attributable to an additional rate authorized under this chapter:**

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county account exceeds one hundred fifty percent (150%) of the certified distributions to be made to the county in the ensuing year.

(c) A determination under this section must be made before October 2.

SECTION 85. IC 6-3.5-7-11, AS AMENDED BY P.L.113-2010, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year.

(c) The amount certified under subsection (b) shall be adjusted under subsections (d), (e), (f), (g), and (h). The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-7-17.3.

(d) The budget agency shall certify an amount less than the amount determined under subsection (b) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(e) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(f) The budget agency shall adjust the certified distribution of a county to provide the county with the distribution required under section 16(b) of this chapter.

(g) The budget agency shall adjust the certified distribution of a county to provide the county with the

amount of any tax increase imposed under section 25 or 26 of this chapter to provide additional homestead credits as provided in those provisions.

(h) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (d). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after August 1 of the calendar year. The adjustment shall reflect any other adjustment authorized under subsections (c), (d), (e), (f), and (g). The adjusted certification shall be treated as the county's certified distribution for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (c) and reflects the changes made in the adjustment.

(i) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(j) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(k) The estimates under subsections (i) and (j) must specify the amount of the estimated certified distributions that are attributable to any additional rates authorized under this chapter.

SECTION 86. IC 6-3.5-7-17.3, AS AMENDED BY P.L.182-2009(ss), SECTION 230, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17.3. (a) If the budget agency determines that ~~a sufficient~~ **the** balance ~~exists~~ in a county account ~~in excess of the amount necessary, when added to other money that will be deposited in the account after the date of the determination, to make~~ **exceeds one hundred fifty percent (150%) of the** certified distributions to **be made to** the county in the ensuing year, the budget agency shall make a supplemental distribution to ~~a~~ **the** county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

(1) made in January of the ensuing calendar year; and

(2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. **However, the part of a supplemental distribution that is attributable to an additional rate authorized under this chapter:**

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county account exceeds one hundred fifty percent (150%) of the certified distributions to be made to the county in the ensuing year.

(c) A determination under this section must be made before October 2.

SECTION 87. IC 6-5.5-1-2, AS AMENDED BY P.L.182-2009(ss), SECTION 233, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.
(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.
(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.
(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.
(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.
(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).
(I) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.
(J) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.
(K) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified restaurant property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(v) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.
(L) Add the amount necessary to make the adjusted gross income of any taxpayer that placed qualified retail improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that it was placed in service.
(M) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that

claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the special allowance not been claimed for the property.

(N) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(O) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that made an election under Section 181 of the Internal Revenue Code to expense costs for a qualified film or television production equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year.

(P) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that treated a loss from the sale or exchange of preferred stock in:

(i) the Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.); or

(ii) the Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.);

as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

(Q) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code for active financing income under Subpart F, Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(R) Add the amount necessary to make the adjusted gross income of any taxpayer that placed any qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(E)(iv) of the Internal Revenue Code equal to the amount of adjusted gross income that would have been computed had the classification not applied to the property in the year that the property was placed into service.

(S) Add the amount deducted from gross income under Section 198 of the Internal Revenue Code for the expensing of environmental remediation costs.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year

in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(G) Income that is:

(i) exempt from taxation under IC 6-3-2-21.7; and

(ii) included in the taxpayer's taxable income under the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 88. IC 6-5.5-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. (a) There is imposed on each taxpayer a franchise tax measured by the taxpayer's apportioned income for the privilege of exercising its franchise or the corporate privilege of transacting the business of a financial institution in Indiana. The amount of the tax for a taxable year shall be determined by multiplying eight and one-half percent (8.5%) **(for a taxable year ending before January 1, 2013), seven and one-half percent (7.5%)(for a taxable year ending after December 31, 2012, and before January 1, 2014), and six and one-half percent (6.5%)(for a taxable year ending after December 31, 2013),** times the remainder of:

(1) the taxpayer's apportioned income; minus

(2) the taxpayer's deductible Indiana net operating losses as determined under this section; minus

(3) the taxpayer's net capital losses minus the taxpayer's net capital gains computed under the Internal Revenue Code for each taxable year or part of a taxable year beginning after December 31, 1989, multiplied by the apportionment percentage applicable to the taxpayer under IC 6-5.5-2 for the taxable year of the loss.

A net capital loss for a taxable year is a net capital loss carryover to each of the five (5) taxable years that follow the taxable year in which the loss occurred.

(b) The amount of net operating losses deductible under subsection (a) is an amount equal to the net operating losses computed under the Internal Revenue Code, adjusted for the items set forth in IC 6-5.5-1-2, that are:

(1) incurred in each taxable year, or part of a year, beginning after December 31, 1989; and

(2) attributable to Indiana.

(c) The following apply to determining the amount of net operating losses that may be deducted under subsection (a):

(1) The amount of net operating losses that is attributable to Indiana is the taxpayer's total net operating losses under the Internal Revenue Code for the taxable year of the loss, adjusted for the items set forth in IC 6-5.5-1-2, multiplied by the apportionment percentage applicable to the taxpayer under IC 6-5.5-2 for the taxable year of the loss.

(2) A net operating loss for any taxable year is a net operating loss carryover to each of the fifteen (15) taxable years that follow the taxable year in which the loss occurred.

(d) The following provisions apply to a combined return computing the tax on the basis of the income of the unitary group when the return is filed for more than one (1) taxpayer member of the unitary group for any taxable year:

(1) Any net capital loss or net operating loss attributable to Indiana in the combined return shall be prorated between each taxpayer member of the unitary group by the quotient of:

(A) the receipts of that taxpayer member attributable to Indiana under section 4 of this chapter; divided by

(B) the receipts of all taxpayer members of the unitary group attributable to Indiana.

(2) The net capital loss or net operating loss for that year, if any, to be carried forward to any subsequent year shall be limited to the capital gains or apportioned income for the subsequent year of that taxpayer, determined by the same receipts formula set out in subdivision (1).

SECTION 89. IC 6-5.5-8-2, AS AMENDED BY P.L.146-2008, SECTION 351, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the ~~guaranteed~~ **annual distribution** amounts for all the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the ~~supplemental~~ **reconciling** distribution for the county for the year.

~~(b) For purposes of determining distributions under subsection (c), the department of local government finance shall determine a state welfare allocation and tuition support allocation for each county calculated as follows:~~

~~(1) The state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:~~

~~STEP ONE: For 1997, 1998, and 1999, determine the result of:~~

~~(i) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by~~

~~(ii) the amounts appropriated by all the taxing units in the county in the year.~~

~~STEP TWO: Determine the sum of the results determined in STEP ONE.~~

~~STEP THREE: Divide the STEP TWO result by three (3).~~

~~STEP FOUR: Determine the amount that would otherwise be distributed to the county under subsection (c) without regard to this subdivision.~~

~~STEP FIVE: Determine the result of:~~

~~(i) the STEP FOUR amount; multiplied by~~

~~(ii) the STEP THREE result.~~

~~STEP SIX: For 2006, 2007, and 2008, determine the result of:~~

~~(i) the tax rate imposed by the county in the year for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund, plus, in the case of Marion County, the tax rate imposed by the health and hospital corporation that was necessary to raise thirty-five million dollars ($35,000,000) from all taxing districts in the county; divided by~~

~~(ii) the aggregate tax rate imposed by the county unit in the year plus, in the case of Marion County, the aggregate tax rate imposed by the health and hospital corporation in the year.~~

~~STEP SEVEN: Determine the sum of the STEP SIX amounts.~~

~~STEP EIGHT: Divide the STEP SEVEN result by three (3).~~

~~STEP NINE: Determine the amount that would otherwise be distributed to the county under subsection (c) without regard to this subdivision.~~

~~STEP TEN: Determine the result of:~~

~~(i) the STEP EIGHT amount; multiplied by~~

~~(ii) the STEP NINE result.~~

~~STEP ELEVEN: Determine the sum of the STEP FIVE amount and the STEP TEN amount.~~

~~(2) The tuition support allocation for each school corporation equals the greater of zero (0) or the amount determined under the following formula:~~

~~STEP ONE: For 2006, 2007, and 2008, determine the result of:~~

~~(i) the tax rate imposed by the school corporation in the year for the tuition support levy under IC 6-1.1-19-1.5 (repealed) or IC 20-45-3-11 (repealed) for the school corporation's general fund plus the tax rate imposed by the school corporation for the school corporation's special education preschool fund; divided by~~

~~(ii) the aggregate tax rate imposed by the school corporation in the year.~~

~~STEP TWO: Determine the sum of the results determined under STEP ONE.~~

~~STEP THREE: Divide the STEP TWO result by three (3).~~

~~STEP FOUR: Determine the amount that would otherwise be distributed to the school corporation under subsection (c) without regard to this subdivision.~~

~~STEP FIVE: Determine the result of:~~

~~(i) the STEP FOUR amount; multiplied by~~

~~(ii) the STEP THREE result.~~

~~(3) The state welfare allocation and tuition support allocation shall be deducted from the distributions otherwise payable under subsection (c) to the county taxing unit and school corporations in the county and shall be deposited in a fund, as directed by the budget agency.~~

~~(c)~~ **(b)** A taxing unit's ~~guaranteed~~ **annual** distribution for a year is: ~~the greater of zero (0) or an amount equal to:~~

(1) **the product of:**

(A) the amount received by the taxing unit under ~~IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989; minus~~ **this section for 2012; divided by**

(B) the sum of the amounts used in clause (A); multiplied by

(2) fifty percent (50%) of the taxes that the department estimates will be paid under this article during the year.

~~(2) the amount to be received by the taxing unit in the year of the distribution, as determined by the department of local government finance, from property taxes attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee; minus~~

~~(3) in the case of a taxing unit that is a county, the amount that would have been received by the taxing unit in the year of the distribution, as determined by the department of local government~~

~~finance from property taxes that:~~

~~(A) were calculated for the county's county welfare fund and county welfare administration fund for 2000 but were not imposed because of the repeal of IC 12-19-3 and IC 12-19-4; and~~

~~(B) would have been attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee.~~

~~(d) The amount of the supplemental distribution for a county for a year shall be determined using the following formula:~~

~~STEP ONE: Determine the greater of zero (0) or the difference between:~~

~~(A) one-half (1/2) of the taxes that the department estimates will be paid under this article during the year; minus~~

~~(B) the sum of all the guaranteed distributions, before the subtraction of all state welfare allocations and tuition support allocations under subsection (b), for all taxing units in all counties plus the bank personal property taxes to be received by all taxing units in all counties, as determined under subsection (c)(2) for the year.~~

~~STEP TWO: Determine the quotient of:~~

~~(A) the amount received under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units in the county; divided by~~

~~(B) the sum of the amounts received under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units in all counties.~~

~~STEP THREE: Determine the product of:~~

~~(A) the amount determined in STEP ONE; multiplied by~~

~~(B) the amount determined in STEP TWO.~~

~~STEP FOUR: Determine the greater of zero (0) or the difference between:~~

~~(A) the amount of supplemental distribution determined in STEP THREE for the county; minus~~

~~(B) the amount of refunds granted under IC 6-5-10-7 (repealed) that have yet to be reimbursed to the state by the county treasurer under IC 6-5-10-13 (repealed).~~

~~For the supplemental distribution made on or before August 1 of each year, the department shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid under this article for the preceding year.~~

~~(e) Except as provided in subsections (g) and (h),~~ **(c)** The amount of the ~~supplemental~~ **reconciling** distribution for each taxing unit shall be determined using the ~~following formula:~~

~~STEP ONE: Determine the quotient of:~~

~~(A) the amount received by the taxing unit under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989; divided by~~

~~(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.~~

~~STEP TWO: Determine the product of:~~

~~(A) the amount determined in STEP ONE; multiplied by~~

~~(B) the supplemental distribution for the county, as determined in subsection (d), STEP FOUR.~~ **same ratio for each taxing unit as the ratio used in the formula set forth in subsection (b). For the reconciling distribution to taxing units made on or before August 1 of each year, the department shall determine the distribution amount that is needed to reflect fifty percent (50%) of the actual taxes paid under this article for the preceding year. If the reconciling distribution is negative for a taxing unit, the department shall deduct the amount from the taxing unit's December 1 distribution amount.**

~~(f)~~ **(d)** The county auditor shall distribute the ~~guaranteed~~ **annual** and ~~supplemental~~ **reconciling** distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

~~(g) The amount of a supplemental distribution paid to a taxing unit that is a county shall be reduced~~

~~by an amount equal to:~~

~~(1) an amount equal to:~~

~~(A) the amount the county would receive under subsection (e) without regard to this subsection, multiplied by~~

~~(B) the result of the following:~~

~~(i) Determine the amounts appropriated by the county in 1997, 1998, and 1999 for the county's county welfare fund and county welfare administration fund, divided by the total amounts appropriated by all the taxing units in the county in the year.~~

~~(ii) Divide the amount determined in item (i) by three (3), plus~~

~~(2) the amount the county would receive under subsection (e) without regard to this subsection multiplied by the result determined under the following formula:~~

~~(A) Determine the result of:~~

~~(i) the tax rate imposed by the county in 2006, 2007, and 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, children with special health care needs county fund, plus, in the case of Marion County, the tax rate imposed by the health and hospital corporation that was necessary to raise thirty-five million dollars ($35,000,000) from all taxing districts in the county, divided by~~

~~(ii) the aggregate tax rate imposed by the county in the year plus, in the case of Marion County, the aggregate tax rate imposed by the health and hospital corporation in the year.~~

~~(B) Divide the clause (A) amount by three (3).~~

~~(h) The amount of a supplemental distribution paid to a school corporation shall be reduced by an amount equal to:~~

~~(1) the amount the school corporation would receive under subsection (e) without regard to this subsection, minus~~

~~(2) an amount equal to:~~

~~(A) the amount described in subdivision (1), multiplied by~~

~~(B) the result of the following formula:~~

~~(i) Determine the tax rate imposed by the school corporation in 2006, 2007, and 2008 for the tuition support levy under IC 6-1.1-19-1.5 (repealed) or IC 20-45-3-11 (repealed) for the school corporation's general fund plus the tax rate imposed by the school corporation for the school corporation's special education preschool fund, divided by the aggregate tax rate imposed by the school corporation in the year.~~

~~(ii) Divide the item (i) amount by three (3).~~

~~(i) The amounts deducted under subsections (g) and (h) shall be deposited in a state fund, as directed by the budget agency.~~

SECTION 90. IC 6-5.5-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013]: Sec. 3. (a) Before January 15, April 15, July 15, and November 15 of each year the department shall certify to the auditor of state the amount of the next quarterly ~~guaranteed~~ distribution for counties. Before July 15 of each year the department shall certify to the auditor of state the amount of the August 1 ~~supplemental~~ **reconciling** distribution for counties. The certified amounts shall be based on the best information available to the department.

(b) In order to make the distributions required by this chapter, the auditor of state shall draw warrants on the financial institutions tax fund payable to the county, and the treasurer of state shall pay the warrants.

SECTION 91. IC 6-7-1-28.1, AS AMENDED BY P.L.182-2009(ss), SECTION 246, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

(1) Four and twenty-two hundredths percent (4.22%) of the money shall be deposited in a fund to

be known as the cigarette tax fund.

(2) Six-tenths percent (0.6%) of the money shall be deposited in a fund to be known as the mental health centers fund.

(3) ~~Fifty-four and five-tenths percent (54.5%)~~ **The following amount** of the money shall be deposited in the state general fund:

(A) After June 30, 2011, and before July 1, 2013, sixty and twenty-four hundredths percent (60.24%).

(B) After June 30, 2013, fifty-four and five tenths percent (54.5%).

(4) Five and forty-three hundredths percent (5.43%) of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

(5) Twenty-seven and five hundredths percent (27.05%) of the money shall be deposited in the Indiana check-up plan trust fund established by IC 12-15-44.2-17.

(6) Two and forty-six hundredths percent (2.46%) of the money shall be deposited in the state general fund for the purpose of paying appropriations for Medicaid—Current Obligations, for provider reimbursements.

(7) ~~Five and seventy-four hundredths percent (5.74%)~~ **The following amount** of the money shall be deposited in the state retiree health benefit trust fund established by IC 5-10-8-8.5 **as follows:**

(A) Before July 1, 2011, five and seventy-four hundredths percent (5.74%).

(B) After June 30, 2011, and before July 1, 2013, zero percent (0%).

(C) After June 30, 2013, five and seventy-four hundredths percent (5.74%).

The money in the cigarette tax fund, the mental health centers fund, the Indiana check-up plan trust fund, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference. Money deposited under subdivisions (6) through (7) may not be used for any purpose other than the purpose stated in the subdivision.

SECTION 92. IC 6-9-33-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) After January 1 but before June 1, the fiscal body of a county may adopt an ordinance to impose an excise tax, known as the county supplemental food and beverage tax, on those transactions described in section 4 of this chapter.

(b) If a fiscal body adopts an ordinance under subsection (a), it shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

(c) If a fiscal body adopts an ordinance under subsection (a), the county supplemental food and beverage tax applies to transactions that occur after June 30 of the year in which the ordinance is adopted. Any legal challenges to the imposition of the tax, including any effort to force the revocation or repeal of the tax, must be filed within ninety (90) days after the adoption of the tax by the fiscal body of a county. Pending the time for a legal challenge to the tax, and during the course of any legal challenge to the tax, the tax shall not apply to any covered transaction.

(d) The tax terminates two (2) years after **the later of the following:**

(1) The retirement of debt that was incurred under this chapter.

(2) The retirement of debt that was incurred by the capital improvement board of managers under IC 36-10-8-6 and IC 36-10-8-7.

SECTION 93. IC 6-9-33-8, AS AMENDED BY P.L.176-2009, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) If a tax is imposed under section 3 of this chapter, the county treasurer shall establish a supplemental coliseum improvement fund. The county treasurer shall deposit in this fund all amounts received from the tax imposed under this chapter. Money in this fund:

(1) may be appropriated only to retire or advance refund bonds issued, loans obtained, or lease payments incurred under IC 36-1-10 (referred to in this chapter as "obligations") to remodel, expand, improve, or acquire an athletic and exhibition coliseum in existence before the effective date of an ordinance adopted under section 3 of this chapter; and

(2) shall be used to make transfers required by subsection (b).

(b) There is established a food and beverage tax reserve account to be administered by the capital improvement board of managers (IC 36-10-8). The money that is deposited in the supplemental coliseum improvement fund after December 31, 2009, and is not needed in a year to make payments on obligations for which a pledge of revenue under this chapter was made before January 1, 2009, shall be transferred to the capital improvement board. The county treasurer shall make the transfer before February 1 of the following year. The capital improvement board shall deposit the money it receives in the board's food and beverage tax reserve account. Money in the reserve account may not be withdrawn or transferred during the year it is received except to make transfers back to the county to make payments on obligations for which a pledge of revenue under this chapter was made before January 1, 2009. However, the capital improvement board may transfer:

(1) interest earned on money in the reserve account; and

(2) an amount equal to the balance that has been held in the reserve account for at least twelve (12) months;

to the board's capital improvement fund established by IC 36-10-8-12.

(c) Excess revenue transferred under subsection (b) to the capital improvement board of managers may be used to provide funding for:

(1) the construction of a capital improvement (as defined in IC 36-10-1-4);

(2) an economic development project as described in:

(A) IC 6-3.5-7-13.1(c)(1) or IC 6-3.5-7-13.1(c)(2)(A) through IC 6-3.5-7-13.1(c)(2)(I); and

(B) IC 6-3.5-7-13.1(c)(2)(K); or

(3) financing a capital improvement or an economic development project described in subdivision (1) or (2).

In carrying out this subsection, the capital improvement board may borrow against future tax revenue that will be collected under this chapter. In addition, the capital improvement board may use an amount not to exceed one hundred thousand dollars ($100,000) annually from the tax revenue collected under this chapter to pay expenses related to investigating a potential capital improvement or economic development project, including feasibility and preliminary engineering studies related to such a capital improvement or economic development project.

~~(c)~~ **(d)** Excess revenue transferred under subsection (b) to the capital improvement board of managers may not be used to:

(1) provide funding for improvements initiated before January 1, 2009, that are located in the area bounded on the north by Jefferson Boulevard, on the east by Harrison Street, on the south by Breckenridge Street, and on the west by Ewing Street as those public ways were located on January 1 2009, as part of the Harrison Square project;

(2) provide for debt service or lease payments for a project for which the obligations for the project were incurred before January 1, 2009; or

~~(2)~~ **(3)** pay operational expenses for any facilities of the municipality.

SECTION 94. IC 8-10-5-8, AS AMENDED BY P.L.49-2010, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) A port authority is an instrumentality of the state and shall have full power and authority independent of any political subdivision to do the following:

(1) Purchase, construct, sell, lease, and operate docks, wharves, warehouses, piers, and other port, terminal, or transportation facilities within its jurisdiction consistent with the purposes of the port authority and make charges for the use thereof.

(2) Straighten, deepen, and improve any canal, channel, river, stream, or other water course or way

which may be necessary or proper in the development of the facilities of such port.

(3) Establish dock lines, piers, and other facilities necessary to the conduct of pleasure boating within the territory under the jurisdiction of the port authority.

(4) Regulate and enforce the regulation of all uses and activities related to the port in the area under the jurisdiction of the port authority and determine the use of land adjacent to waters under the jurisdiction of the port authority within a reasonable distance from the shore lines of such waters. However, this subdivision does not:

(A) affect the requirement that special standards for the safe operation of watercraft on public waters must be adopted by rule by the department of natural resources under IC 14-15-7-3; or

(B) authorize the assessment by the port authority of a charge or fee for the passage of a watercraft through the navigable waters of the state.

(5) Acquire, own, hold, sell, lease, or operate real or personal property for the authorized purposes of the port authority.

(6) Apply to the proper authorities of the United States pursuant to appropriate law for the right to establish, operate, and maintain foreign trade zones within the limits of the port authority and establish, operate, and maintain such foreign trade zones.

(7) Exercise the right of eminent domain to appropriate any land, rights, rights-of-way, franchises, easements, or other property necessary or proper for the construction or the efficient operation of any facility of the port authority, award damages to landowners for real estate and property rights appropriated and taken or injuriously affected, and in case the board of directors of the port authority cannot agree with the owners, lessees, or occupants of any real estate selected by them for the purposes herein set forth, proceed to procure the condemnation of the same as hereinafter provided, and in addition thereto, when not in conflict or inconsistent with the express provisions of this chapter, proceed under the general laws of the state of Indiana governing the condemnation of lands and the rights-of-way for other public purposes which may be in force at the time, and the provisions of such laws are hereby extended to ports and harbors and to the properties of port authorities as provided for herein so far as the same are not in conflict or inconsistent with the terms of this chapter. In any such proceeding prosecuted by the board of directors of a port authority to condemn or appropriate any land or the use thereof or any right therein for purposes permitted by this chapter, the board and all owners and holders of property or rights therein sought to be taken shall be governed by and have the same rights as to procedure, notices, hearings, assessments of benefits and awards, and payments thereof as are now or may hereafter be prescribed by law for the appropriation and condemnation of real estate, and such property owners shall have like powers and rights as to remonstrance and of appeals to the circuit or superior courts in the county in which such property sought to be appropriated is located. However, the payment of all damages awarded for all lands and property or interests or rights therein appropriated under the provisions of this chapter shall be paid entirely out of funds under the control of such port authority, except for the following:

(A) Upon written application of any property owner affected, any municipal corporation, or, as to areas outside the boundaries of a municipal corporation, any county, participating in the creation of a port authority, after ten (10) days written notice to the port authority and public hearing had thereon, may revoke the right of eminent domain to be exercised by the port authority as to any parcel or parcels of land inside its borders within sixty (60) days after the port authority has by resolution announced the lands, rights, rights-of-way, franchises, easements, or other property to be taken.

(B) Nothing herein contained shall authorize a port authority to take or disturb property or facilities belonging to any public corporation, public utility, or common carrier, which property or facilities are necessary and convenient in the operation of such public corporation, public utility, or common carrier, unless provision is made for the restoration, relocating, or duplication of such property or facilities, or upon the election of such public corporation, public utility, or

common carrier, for the payment of compensation, if any at the sole cost of the port authority, subject to the following:

(i) If any restoration or duplication proposed to be made hereunder shall involve a relocation of such property or facilities, the new facilities and location shall be of at least comparable utilitarian value and effectiveness and such relocation shall not impair the ability of the public utility or common carrier to compete in its original area of operation.

(ii) Provisions for restoration or duplication shall be described in detail in the resolution for appropriation passed by the port authority.

(8) Accept, receive, and receipt for federal moneys, and other moneys, either public or private, for the acquisition, construction, enlargement, improvement, maintenance, equipment, or operation of a port or harbor or other navigation facilities, and sites therefor and comply with the provisions of the laws of the United States and any rules and regulations made thereunder for the expenditure of federal moneys upon such ports and other navigation facilities.

(9) Maintain such funds as it deems necessary.

(10) Direct its agents or employees, when properly identified in writing, and after at least five (5) days written notice, to enter upon lands within the confines of its jurisdiction in order to make surveys and examinations preliminary to location and construction of works for the purposes of the port authority, without liability of the port authority or its agents or employees except for actual damage done.

(11) Sell or lease real and personal property not needed for the operation of the port authority and grant easements or rights-of-way over property of the port authority.

(12) Promote, advertise, and publicize the port and its facilities, provide traffic information and rate information to shippers and shipping interests, and appear before rate making authorities to represent and promote the interests of the port.

(13) Borrow money and secure the borrowing by a pledge of the following:

(A) Accounts receivable.

(B) A security interest in capital equipment for which the proceeds of the loan are used.

(C) Other security, including the excess of unobligated revenues over operating expenses.

(b) The term of a loan authorized by subsection (a)(13) may not exceed:

(1) thirty-five (35) years, **in the case of a loan made before July 1, 2011; or**

(2) twenty-five (25) years, in the case of a loan made after June 30, 2011.

SECTION 95. IC 8-10-5-8.7, AS ADDED BY P.L.49-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8.7. (a) The board of directors may, by resolution, recommend to the governing body of the municipality or municipalities creating the port authority that they authorize general obligations, mortgage, or revenue bonds for any one (1) or more of the following purposes:

(1) To acquire or improve port or harbor sites.

(2) To acquire, construct, extend, alter, or improve structures, ways, facilities, or equipment necessary for the proper operation of the port authority or the port or harbor within its jurisdiction.

(3) To refund outstanding bonds and matured interest coupons and issue and sell refunding bonds for that purpose.

(b) Before making a recommendation authorized by subsection (a), the board shall give notice of a public hearing at which time the board shall disclose the purpose for which the bond issue is proposed, the amount of the proposed issue, and all other pertinent data. At least ten (10) days before the date set for hearing, the board shall publish in two (2) newspapers of general circulation in the city, county, counties, or other municipalities involved, a notice of the date, time, place, and purpose of the hearing. If there is only one (1) newspaper, one (1) notice is sufficient.

(c) The governing body shall review the proposal of the board of directors of the port authority and if it approves shall provide for the advertisement and sale of the issue in compliance with IC 5-1-11. For

purposes of this chapter, IC 5-1-11 applies as fully to mortgage bonds as to general obligation or revenue bonds.

(d) Bonds issued under the authority of this chapter are not subject to limitations on interest rates.

(e) The governing body shall fix the date, time, and place of payment of principal and interest, but no issue may have a maturity date later than:

(1) forty (40) years after date of issue, **in the case of bonds issued before July 1, 2011; or**

(2) twenty-five (25) years after date of issue, in the case of bonds issued after June 30, 2011.

(f) Bonds issued under this chapter, together with the interest thereon, are tax exempt.

(g) The governing body shall apply the proceeds from the sale of bonds exclusively to the purposes for which the bonds were issued and only to the extent necessary therefor. Any remaining balance shall be placed in a sinking fund for the payment of the bonds and the interest on the bonds.

(h) This chapter does not affect obligations existing before July 1, 2010, on outstanding bonds. If a board of directors or a port authority is discontinued, as provided in section 4 of this chapter, the primary obligations on its bonds remain unaffected. In addition, the city or county or municipalities involved in the issuance of bonds shall assume liability for the payment of the bonds according to their terms and in relation to their interest or proportion in the bonds.

SECTION 96. IC 11-13-3-4, AS AMENDED BY P.L.111-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) A condition to remaining on parole is that the parolee not commit a crime during the period of parole.

(b) The parole board may also adopt, under IC 4-22-2, additional conditions to remaining on parole and require a parolee to satisfy one (1) or more of these conditions. These conditions must be reasonably related to the parolee's successful reintegration into the community and not unduly restrictive of a fundamental right.

(c) If a person is released on parole, the parolee shall be given a written statement of the conditions of parole. Signed copies of this statement shall be:

(1) retained by the parolee;

(2) forwarded to any person charged with the parolee's supervision; and

(3) placed in the parolee's master file.

(d) The parole board may modify parole conditions if the parolee receives notice of that action and had ten (10) days after receipt of the notice to express the parolee's views on the proposed modification. This subsection does not apply to modification of parole conditions after a revocation proceeding under section 10 of this chapter.

(e) As a condition of parole, the parole board may require the parolee to reside in a particular parole area. In determining a parolee's residence requirement, the parole board shall:

(1) consider:

(A) the residence of the parolee prior to the parolee's incarceration; and

(B) the parolee's place of employment; and

(2) assign the parolee to reside in the county where the parolee resided prior to the parolee's incarceration unless assignment on this basis would be detrimental to the parolee's successful reintegration into the community.

(f) As a condition of parole, the parole board may require the parolee to:

(1) periodically undergo a laboratory chemical test (as defined in IC 14-15-8-1) or series of tests to detect and confirm the presence of a controlled substance (as defined in IC 35-48-1-9); and

(2) have the results of any test under this subsection reported to the parole board by the laboratory. The parolee is responsible for any charges resulting from a test required under this subsection. However, a person's parole may not be revoked on the basis of the person's inability to pay for a test under this subsection.

(g) As a condition of parole, the parole board:

(1) may require a parolee who is a sex offender (as defined in IC 11-8-8-4.5) to:

(A) participate in a treatment program for sex offenders approved by the parole board; and
(B) avoid contact with any person who is less than sixteen (16) years of age unless the parolee:
(i) receives the parole board's approval; or
(ii) successfully completes the treatment program referred to in clause (A); and
(2) shall:
(A) require a parolee who is a sex or violent offender (as defined in IC 11-8-8-5) to register with a local law enforcement authority under IC 11-8-8;
(B) prohibit a parolee who is a sex offender from residing within one thousand (1,000) feet of school property (as defined in IC 35-41-1-24.7) for the period of parole, unless the sex offender obtains written approval from the parole board;
(C) prohibit a parolee who is a sex offender convicted of a sex offense (as defined in IC 35-38-2-2.5) from residing within one (1) mile of the victim of the sex offender's sex offense unless the sex offender obtains a waiver under IC 35-38-2-2.5;
(D) prohibit a parolee who is a sex offender from owning, operating, managing, being employed by, or volunteering at any attraction designed to be primarily enjoyed by children less than sixteen (16) years of age;
(E) require a parolee who is a sex offender to consent:
(i) to the search of the sex offender's personal computer at any time; and
(ii) to the installation on the sex offender's personal computer or device with Internet capability, at the sex offender's expense, of one (1) or more hardware or software systems to monitor Internet usage; and
(F) prohibit the sex offender from:
(i) accessing or using certain web sites, chat rooms, or instant messaging programs frequented by children; and
(ii) deleting, erasing, or tampering with information on the sex offender's personal computer with intent to conceal an activity prohibited by item (i).

The parole board may not grant a sexually violent predator (as defined in IC 35-38-1-7.5) or a sex offender who is an offender against children under IC 35-42-4-11 a waiver under subdivision (2)(B) or (2)(C). If the parole board allows the sex offender to reside within one thousand (1,000) feet of school property under subdivision (2)(B), the parole board shall notify each school within one thousand (1,000) feet of the sex offender's residence of the order.

(h) The address of the victim of a parolee who is a sex offender convicted of a sex offense (as defined in IC 35-38-2-2.5) is confidential, even if the sex offender obtains a waiver under IC 35-38-2-2.5.

(i) As a condition of parole, the parole board may require a parolee to participate in a reentry court program.

(j) As a condition of parole, the parole board:
(1) shall require a parolee who is a sexually violent predator under IC 35-38-1-7.5; and
(2) may require a parolee who is a sex or violent offender (as defined in IC 11-8-8-5);

to wear a monitoring device (as described in IC 35-38-2.5-3) that can transmit information twenty-four (24) hours each day regarding a person's precise location, **subject to the amount appropriated to the department for a monitoring program as a condition of parole.**

(k) As a condition of parole, the parole board may prohibit, in accordance with IC 35-38-2-2.6, a parolee who has been convicted of stalking from residing within one thousand (1,000) feet of the residence of the victim of the stalking for a period that does not exceed five (5) years.

(l) As a condition of parole, the parole board may prohibit a parolee convicted of an offense under IC 35-46-3 from owning, harboring, or training an animal, and, if the parole board prohibits a parolee convicted of an offense under IC 35-46-3 from having direct or indirect contact with an individual, the parole board may also prohibit the parolee from having direct or indirect contact with any animal belonging to the individual.

(m) A parolee may be responsible for the reasonable expenses, as determined by the department, of the parolee's participation in a treatment or other program required as a condition of parole under this section. However, a person's parole may not be revoked solely on the basis of the person's inability to pay for a program required as a condition of parole under this section.

SECTION 97. IC 12-7-2-35, AS AMENDED BY P.L.1-2007, SECTION 106, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. "Committee" means the following:

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

~~(2)~~ **(1)** For purposes of IC 12-15-33, the meaning set forth in IC 12-15-33-1.

(2) For purposes of IC 12-17.2-3.3, the meaning set forth in IC 12-17.2-3.3-1.

SECTION 98. IC 12-7-2-119.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 119.5. "Institutional provider", for purposes of IC 12-15-13-4, has the meaning set forth in IC 12-15-13-4(a).**

SECTION 99. IC 12-7-2-44, AS AMENDED BY P.L.130-2009, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 44. "Council" means the following:

(1) For purposes of IC 12-9-4, the meaning set forth in IC 12-9-4-1.

(2) For purposes of IC 12-12-8, the meaning set forth in IC 12-12-8-2.5.

(3) For purposes of IC 12-13-4, the meaning set forth in IC 12-13-4-1.

(4) For purposes of IC 12-15-41 and IC 12-15-42, the Medicaid work incentives council established by IC 12-15-42-1.

(5) For purposes of IC 12-12.7-2, the meaning set forth in IC 12-12.7-2-2.

(6) For purposes of IC 12-21-4, the meaning set forth in IC 12-21-4-1.

~~(7) For purposes of IC 12-28-5, the meaning set forth in IC 12-28-5-1.~~

SECTION 100. IC 12-7-2-61 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 61. " **(a) Except as provided in subsection (b),** "developmental disability" means ~~the following:~~

~~(1) Except as provided in subdivision (2), before July 1, 1993, the term means~~ a **severe, chronic** disability of an individual that **meets all of the following conditions:**

~~(A)~~ **(1)** Is attributable to:

~~(i)~~ **(A)** ~~mental retardation,~~ **intellectual disability,** cerebral palsy, epilepsy, or autism; **or**

~~(ii)~~ **(B)** any other condition **(other than a sole diagnosis of mental illness)** found to be closely related to ~~mental retardation,~~ **intellectual disability,** because this condition results in similar impairment of general intellectual functioning or adaptive behavior or requires ~~similar~~ treatment ~~and~~ **or** services **similar to those required for a person with an intellectual disability.** ~~or~~

~~(iii) dyslexia resulting from a disability described in this subdivision;~~

~~(B) originates before the person is eighteen (18) years of age;~~

~~(C) has continued or is expected to continue indefinitely; and~~

~~(D) constitutes a substantial disability to the individual's ability to function normally in society.~~

~~(2) For purposes of IC 12-10-7 and IC 12-28-1 before July 1, 1993, and for purposes of IC 12 after June 30, 1993, the term means a severe, chronic disability of an individual that:~~

~~(A) is attributable to a mental or physical impairment, or a combination of mental and physical impairments (other than a sole diagnosis of mental illness);~~

~~(B)~~ **(2)** Is manifested before the individual is twenty-two (22) years of age.

~~(C)~~ **(3)** Is likely to continue indefinitely.

~~(D) reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated; and~~

~~(E)~~ **(4)** Results in substantial **functional** limitations in at least three (3) of the following **areas of major life activities:**

~~(i)~~ **(A)** Self-care.

~~(ii)~~ **(B)** ~~Receptive and expressive~~ **Understanding and use of** language.

~~(iii)~~ **(C)** Learning.
~~(iv)~~ **(D)** Mobility.
~~(v)~~ **(E)** Self-direction.
~~(vi)~~ **(F)** Capacity for independent living.
~~(vii)~~ **(G)** Economic self-sufficiency.

(b) The definition in subsection (a) does not apply and may not affect services provided to an individual receiving:

(1) home and community based Medicaid waiver; or

(2) ICF/MR;

services through the division on June 30, 2011.

SECTION 101. IC 12-7-2-69, AS AMENDED BY P.L.1-2007, SECTION 108, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 69. (a) "Division", except as provided in subsections (b) and (c), refers to any of the following:

(1) The division of disability and rehabilitative services established by IC 12-9-1-1.
(2) The division of aging established by IC 12-9.1-1-1.
(3) The division of family resources established by IC 12-13-1-1.
(4) The division of mental health and addiction established by IC 12-21-1-1.

(b) The term refers to the following:

(1) For purposes of the following statutes, the division of disability and rehabilitative services established by IC 12-9-1-1:
(A) IC 12-9.
(B) IC 12-11.
(C) IC 12-12.
(D) IC 12-12.5.
(E) IC 12-12.7.
(F) IC 12-28-5.

(2) For purposes of the following statutes, the division of aging established by IC 12-9.1-1-1:
(A) IC 12-9.1.
(B) IC 12-10.

(3) For purposes of the following statutes, the division of family resources established by IC 12-13-1-1:
(A) IC 12-13.
(B) IC 12-14.
(C) IC 12-15.
(D) IC 12-16.
(E) IC 12-17.2.
(F) IC 12-18.
(G) IC 12-19.
(H) IC 12-20.

(4) For purposes of the following statutes, the division of mental health and addiction established by IC 12-21-1-1:
(A) IC 12-21.
(B) IC 12-22.
(C) IC 12-23.
(D) IC 12-25.

(c) With respect to a particular state institution, the term refers to the division whose director has administrative control of and responsibility for the state institution.

(d) For purposes of IC 12-24, IC 12-26, and IC 12-27, the term refers to the division whose director has administrative control of and responsibility for the appropriate state institution.

SECTION 102. IC 12-7-2-132.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 132.2. "Noninstitutional provider", for purposes of IC 12-15-13-3, has the meaning set forth in IC 12-15-13-3.5(a).**

SECTION 103. IC 12-8-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. **(a)** Consistent with the powers and duties of the secretary under this article, the secretary may adopt rules under IC 4-22-2 relating to the exercise of those powers and duties. ~~However, any rules adopted by the secretary under IC 4-22-2-29 must be approved by the family and social services committee established by IC 12-8-3-2 before submission to the attorney general under IC 4-22-2-31. However, nothing in this section prevents the secretary from presenting a proposed rule to the family and social services committee established by IC 12-8-3-2 for the committee's review and recommendations before the adoption of the rule under IC 4-22-2-29 and approval of the rule by the committee under this section.~~

(b) The secretary may adopt emergency rules under IC 4-22-2-37.1(a)(35) for the following:

(1) Federal Medicaid waiver program provisions.

(2) Federal programs administered by the office of the secretary.

SECTION 104. IC 12-8-1-12, AS AMENDED BY P.L.161-2007, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. (a) If:

(1) the sums appropriated by the general assembly in the biennial budget to the family and social services administration for the Medicaid assistance, Medicaid administration, public assistance (TANF), and the IMPACT (JOBS) work program are insufficient to enable the office of the secretary to meet its obligations; and

(2) the failure to appropriate additional funds would:

(A) violate a provision of federal law; or

(B) jeopardize the state's share of federal financial participation applicable to the state appropriations contained in the biennial budget for Medicaid assistance, Medicaid administration, public assistance (TANF), or the IMPACT (JOBS) program;

then there are appropriated further sums as may be necessary to remedy a situation described in this subsection, subject to the approval of the budget director and the unanimous recommendation of the members of the budget committee. However, before approving a further appropriation under this subsection, the budget director shall explain to the budget committee the factors indicating that a condition described in subdivision (2) would be met.

(b) If:

(1) the sums appropriated by the general assembly in the biennial budget to the family and social services administration for Medicaid assistance, Medicaid administration, public assistance (TANF), and the IMPACT (JOBS) work program are insufficient to enable the family and social services administration to meet its obligations; and

(2) neither of the conditions in subsection (a)(2) would result from a failure to appropriate additional funds;

then there are appropriated further sums as may be necessary to remedy a situation described in this subsection, subject to the approval of the budget director and the unanimous recommendation of the members of the budget committee. However, before approving a further appropriation under this subsection, the budget director shall explain to the budget committee the factors indicating that a condition described in subdivision (2) would be met.

(c) Notwithstanding IC 12-14 and IC 12-15 (except for a clinical advisory panel established under IC 12-15), and except as provided in subsection (d), the office of the secretary may by rule adjust programs, eligibility standards, and benefit levels to limit expenditures from Medicaid assistance, Medicaid administration, public assistance (TANF), and the IMPACT (JOBS) work program. ~~to levels appropriated by the general assembly in the biennial budget. However, if there are additional appropriations under subsection (a) or (b), the office of the secretary may by rule adjust programs,~~

~~eligibility standards, and benefit levels to limit expenditures from Medicaid assistance, Medicaid administration, public assistance (TANF), and the IMPACT (JOBS) program. to levels that are further appropriated under subsection (a) or (b).~~ The office of the secretary may adopt emergency rules under IC 4-22-2-37.1 to make an adjustment authorized by this subsection. However, adjustments under this subsection may not:

(1) violate a provision of federal law; or

(2) jeopardize the state's share of federal financial participation applicable to the state appropriations contained in the biennial budget for Medicaid assistance, Medicaid administration, public assistance (TANF), and the IMPACT (JOBS) work program.

(d) Subject to IC 12-15-21-3, any adjustments made under subsection (c) must:

(1) allow for a licensed provider under IC 12-15 to deliver services within the scope of the provider's license if the benefit is covered under IC 12-15; and

(2) provide access to services under IC 12-15 from a provider under IC 12-15-12.

SECTION 105. IC 12-8-2-3, AS AMENDED BY P.L.1-2007, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. Unless otherwise provided by a statute, this chapter applies to the following:

~~(1) The family and social services committee established by IC 12-8-3-2.~~

~~(2)~~ **(1)** The following advisory councils:

(A) The division of disability and rehabilitative services advisory council.

(B) The division of family resources advisory council.

(C) The division of mental health and addiction advisory council.

~~(3)~~ **(2)** A body:

(A) established by statute for a division; and

(B) whose enabling statute makes this chapter applicable to the body.

SECTION 106. IC 12-8-2-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. Up to five (5) individuals appointed by the secretary to serve on an entity not described in section ~~3(2)~~ **3(1)** of this chapter may be appointed to serve concurrently on an advisory council described in section ~~3(2)~~ **3(1)** of this chapter. However, an individual may not serve concurrently on more than one (1) advisory council described in section ~~3(2)~~ **3(1)** of this chapter.

SECTION 107. IC 12-8-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) ~~Except as provided in subsection (c),~~ A director may adopt rules under IC 4-22-2 relating to the operation of the director's division and to implement the programs of the director's division.

(b) ~~Except as provided in subsection (c),~~ Whenever a division is required to adopt rules under IC 4-22-2, the director of the division is the statutory authority that adopts the rules.

~~(c) Rules adopted by a director must be approved by the family and social services committee established by IC 12-8-3-2 before submission to the attorney general under IC 4-22-2-31. However, nothing in this section prevents a director from presenting a proposed rule to the family and social services committee established by IC 12-8-3-2 for the committee's review and recommendations before the adoption of the rule under IC 4-22-2-29 and approval of the rule by the committee under IC 12-8-1.~~

SECTION 108. IC 12-9-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The director may do the following:

(1) Employ experts and consultants to assist the division in carrying out the division's functions.

(2) Utilize, with their consent, the services and facilities of other state agencies without reimbursement.

(3) Accept in the name of the division, for use in carrying out the functions of the division, money or property received by gift, bequest, or otherwise.

(4) Accept voluntary and uncompensated services.

(5) Expend money made available to the division according to policies enforced by the budget agency.

(6) Adopt rules under IC 4-22-2 necessary to carry out the functions of the division. ~~However, rules adopted by the director must be approved by the family and social services committee established by IC 12-8-3-2 before submission to the attorney general under IC 4-22-2-31.~~

(7) Establish and implement the policies and procedures necessary to carry out the functions of the division.

(8) Perform any other acts necessary to carry out the functions of the division.

(b) The director shall compile information and statistics from each bureau concerning the ethnicity and gender of a program or service recipient. The director may adopt rules under IC 4-22-2 necessary to implement this subsection.

SECTION 109. IC 12-9.1-2-3, AS ADDED BY P.L.141-2006, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) The director may do the following:

(1) Employ experts and consultants to assist the division in carrying out the division's functions.

(2) Use, with their consent, the services and facilities of other state agencies without reimbursement.

(3) Accept in the name of the division, for use in carrying out the functions of the division, money or property received by gift, bequest, or otherwise.

(4) Accept voluntary and uncompensated services.

(5) Expend money made available to the division according to policies enforced by the budget agency.

(6) Adopt rules under IC 4-22-2 necessary to carry out the functions of the division. ~~However, rules adopted by the director must be approved by the family and social services committee established by IC 12-8-3-2 before submission to the attorney general under IC 4-22-2-31.~~

(7) Establish and implement the policies and procedures necessary to carry out the functions of the division.

(8) Perform any other acts necessary to carry out the functions of the division.

(b) The director shall compile information and statistics from each bureau concerning the ethnicity and gender of a program or service recipient. The director may adopt rules under IC 4-22-2 necessary to implement this subsection.

SECTION 110. IC 12-10-6-1, AS AMENDED BY P.L.99-2007, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) An individual who:

(1) is at least sixty-five (65) years of age, is blind, or has a disability; and

(2) is a resident of a county home;

is eligible to receive assistance payments from the state if the individual would be eligible for assistance under the federal Supplemental Security Income program except for the fact that the individual is residing in a county home.

~~(b) The amount of nonmedical assistance to be paid on behalf of a resident in a county home must be based on the daily rate established by the division. The rate for facilities under this section and licensed under IC 16-28 may not exceed an upper rate limit established by a rule adopted by the division.~~

~~(c) The rate for facilities under this section but not licensed under IC 16-28 must be the lesser of:~~

~~(1) an upper rate limit established by a rule adopted by the division; or~~

~~(2) a reasonable and adequate rate to meet the costs, determined by generally accepted accounting principles, that are incurred by efficiently and economically operated facilities in order to provide care and services in conformity with quality and safety standards and applicable laws and rules.~~

~~(d)~~ **(b)** The recipient shall be paid or allowed to retain from the recipient's income a monthly personal allowance. The amount:

(1) is fifty-two dollars ($52);

(2) is exempt from income eligibility consideration by the division; and

(3) may be exclusively used by the recipient for personal needs.

~~(e)~~ **(c)** In addition to the amount that may be retained as a personal allowance under this section, an individual is allowed to retain an amount equal to the individual's state and local income tax liability. The

amount that may be retained during a month may not exceed one-third (1/3) of the individual's state and local income tax liability for the calendar quarter in which the month occurs. This amount is exempt from income eligibility consideration by the division. The amount retained shall be used by the individual to pay state or local income taxes owed.

~~(f)~~ **(d)** In addition to the amounts that may be retained under subsections ~~(d)~~ **(b)** and ~~(e),~~ **(c),** an eligible individual may retain a Holocaust victim's settlement payment. The payment is exempt from income eligibility consideration by the division.

~~(g)~~ **(e)** The personal allowance for one (1) month for an individual described in subsection (a) is the amount that an individual would be entitled to retain under subsection ~~(d)~~ **(b)** plus an amount equal to one-half (1/2) of the remainder of:

(1) gross earned income for that month; minus

(2) the sum of:

(A) sixteen dollars ($16); plus

(B) the amount withheld from the person's paycheck for that month for payment of state income tax, federal income tax, and the tax prescribed by the federal Insurance Contribution Act (26 U.S.C. 3101 et seq.); plus

(C) transportation expenses for that month; plus

(D) any mandatory expenses required by the employer as a condition of employment.

~~(h) The division, in cooperation with the state department of health taking into account licensure requirements under IC 16-28, shall adopt rules under IC 4-22-2 governing the reimbursement to facilities under this section. The rules must be designed to determine the costs that must be incurred by efficiently and economically operated facilities to provide room, board, laundry, and other services, along with minimal administrative direction to individuals who receive residential care in the facilities under this section. A rule adopted under this subsection by:~~

~~(1) the division; or~~

~~(2) the state department of health;~~

~~must conform to the rules for residential care facilities that are licensed under IC 16-28.~~

~~(i) A rate established under this section may be appealed according to the procedures under IC 4-21.5.~~

~~(j) The division shall annually review each facility's rate using the following:~~

~~(1) Generally accepted accounting principles.~~

~~(2) The costs incurred by efficiently and economically operated facilities in order to provide care and services in conformity with quality and safety standards and applicable laws and rules.~~

SECTION 111. IC 12-10-6-2.1, AS AMENDED BY P.L.121-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2.1. (a) An individual who is incapable of residing in the individual's own home may apply for residential care assistance under this section. The determination of eligibility for residential care assistance is the responsibility of the division. Except as provided in subsections (g) and (i), an individual is eligible for residential care assistance if the division determines that the individual:

(1) is a recipient of Medicaid or the federal Supplemental Security Income program;

(2) is incapable of residing in the individual's own home because of dementia, mental illness, or a physical disability;

(3) requires a degree of care less than that provided by a health care facility licensed under IC 16-28;

(4) can be adequately cared for in a residential care setting; and

(5) has not made any asset transfer prohibited under the state plan or in 42 U.S.C. 1396p(c) in order to be eligible for Medicaid.

(b) Individuals with mental retardation may not be admitted to a home or facility that provides residential care under this section.

(c) A service coordinator employed by the division may:

(1) evaluate a person seeking admission to a home or facility under subsection (a); or

(2) evaluate a person who has been admitted to a home or facility under subsection (a), including a review of the existing evaluations in the person's record at the home or facility.

If the service coordinator determines the person evaluated under this subsection has mental retardation, the service coordinator may recommend an alternative placement for the person.

(d) Except as provided in section 5 of this chapter, residential care consists of only room, board, and laundry, along with minimal administrative direction. ~~State financial assistance may be provided for such care in a boarding or residential home of the applicant's choosing that is licensed under IC 16-28 or a Christian Science facility listed and certified by the Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc., that meets certain life safety standards considered necessary by the state fire marshal. Payment for such care shall be made to the provider of the care according to division directives and supervision. The amount of nonmedical assistance to be paid on behalf of a recipient living in a boarding home, residential home, or Christian Science facility shall be based on the daily rate established by the division. The rate for facilities that are referred to in this section and licensed under IC 16-28 may not exceed an upper rate limit established by a rule adopted by the division.~~ The recipient may retain from the recipient's income a monthly personal allowance of fifty-two dollars ($52). This amount is exempt from income eligibility consideration by the division and may be exclusively used by the recipient for the recipient's personal needs. However, if the recipient's income is less than the amount of the personal allowance, the division shall pay to the recipient the difference between the amount of the personal allowance and the recipient's income. A reserve or an accumulated balance from such a source, together with other sources, may not be allowed to exceed the state's resource allowance allowed for adults eligible for state supplemental assistance or Medicaid as established by the rules of the office of Medicaid policy and planning.

(e) In addition to the amount that may be retained as a personal allowance under this section, an individual shall be allowed to retain an amount equal to the individual's state and local income tax liability. The amount that may be retained during a month may not exceed one-third (1/3) of the individual's state and local income tax liability for the calendar quarter in which that month occurs. This amount is exempt from income eligibility consideration by the division. The amount retained shall be used by the individual to pay any state or local income taxes owed.

(f) In addition to the amounts that may be retained under subsections (d) and (e), an eligible individual may retain a Holocaust victim's settlement payment. The payment is exempt from income eligibility consideration by the division.

~~(g) The rate of payment to the provider shall be determined in accordance with a prospective prenegotiated payment rate predicated on a reasonable cost related basis, with a growth of profit factor, as determined in accordance with generally accepted accounting principles and methods, and written standards and criteria, as established by the division. The division shall establish an administrative appeal procedure to be followed if rate disagreement occurs if the provider can demonstrate to the division the necessity of costs in excess of the allowed or authorized fee for the specific boarding or residential home. The amount may not exceed the maximum established under subsection (d).~~

~~(h)~~ **(g)** The personal allowance for one (1) month for an individual described in subsection (a) is the amount that an individual would be entitled to retain under subsection (d) plus an amount equal to one-half (1/2) of the remainder of:

(1) gross earned income for that month; minus

(2) the sum of:

(A) sixteen dollars ($16); plus

(B) the amount withheld from the person's paycheck for that month for payment of state income tax, federal income tax, and the tax prescribed by the federal Insurance Contribution Act (26 U.S.C. 3101 et seq.); plus

(C) transportation expenses for that month; plus

(D) any mandatory expenses required by the employer as a condition of employment.

~~(i)~~ **(h)** An individual who, before September 1, 1983, has been admitted to a home or facility that provides residential care under this section is eligible for residential care in the home or facility.

~~(j)~~ **(i)** The director of the division may contract with the division of mental health and addiction or the division of disability and rehabilitative services to purchase services for individuals with a mental illness or a developmental disability by providing money to supplement the appropriation for community residential care programs established under IC 12-22-2 or community residential programs established under IC 12-11-1.1-1.

~~(k)~~ **(j)** A person with a mental illness may not be placed in a Christian Science facility listed and certified by the Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc., unless the facility is licensed under IC 16-28.

SECTION 112. IC 12-12.7-2-17, AS ADDED BY P.L.93-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17. **(a) As used in this section, "per unit of treatment" means an increment of fifteen (15) minutes for services provided to an individual.**

~~(a)~~ **(b)** A family shall participate in the cost of programs and services provided under this chapter to the extent allowed by federal law according to the following cost participation schedule:

Percentage of Federal Income Poverty Level		Copayment Per **Unit of** Treatment	~~Maximum Monthly Cost Share~~
At Least	But Not More Than		
0%	250%	$ 0	~~$ 0~~
251%	350%	$ ~~3~~ **0.75**	~~$ 24~~
351%	450%	$ ~~6~~ **1.50**	~~$ 48~~
451%	550%	$ ~~15~~ **3.75**	~~$ 120~~
551%	650%	$ ~~25~~ **6.25**	~~$ 200~~
651%	750%	$ ~~50~~ **13**	~~$ 400~~
751%	850%	$ ~~75~~ **19**	~~$ 600~~
851%	~~1000%~~	$ ~~100~~ **25**	~~$ 800~~
~~1001%~~		~~$ 120~~	~~$ 960~~

~~(b)~~ **(c)** A cost participation plan used by the division for families to participate in the cost of the programs and services provided under this chapter:

(1) must:

(A) be based on income and ability to pay;

(B) provide for a review of a family's cost participation amount:

(i) annually; and

(ii) within thirty (30) days after the family reports a reduction in income; and

(C) allow the division to waive a required copayment if other medical expenses or personal care needs expenses for any member of the family reduce the level of income the family has available to pay copayments under this section;

(2) may allow:

(A) the division to require a copayment for only one (1) child per family during a billing period; and

(B) a family to voluntarily contribute payments that exceed the family's required cost participation amount;

(3) must require the family to allow the division access to all health care coverage information that the family has concerning the infant or toddler who is to receive services;

(4) must require families to consent to the division billing third party payors for early intervention services provided;

(5) may allow the division to waive the billing to third party payors if the family is able to

demonstrate financial or personal hardship on the part of the family member; and

(6) must require the division to waive the family's monthly copayments in any month for those services for which it receives payment from the family's health insurance coverage.

~~(c)~~ **(d)** Funds received through a cost participation plan under this section must be used to fund programs described in section 18 of this chapter.

SECTION 113. IC 12-15-1.3-15, AS ADDED BY SEA 490-2011, SECTION 264, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. (a) As used in this section, "division" refers to the division of disability and rehabilitative services established by IC 12-9-1-1.

(b) As used in this section, "waiver" refers to any waiver administered by the office and the division under section 1915(c) of the federal Social Security Act.

~~(c) The office shall apply to the United States Department of Health and Human Services for approval to amend a waiver to set priorities as described in subsection (d) in providing services under the waiver.~~

~~(d) The waiver amendment must provide for the following individuals to be given priority in receiving services under the waiver:~~

~~(1) An individual who is determined by the state department of health to no longer need or receive active treatment provided in a supervised group living setting.~~

~~(2) An individual who is receiving service under the direction of the division in a supervised group living setting, nursing facility, or large private intermediate care facility and has a history of unexplained injuries or documented abuse that is substantiated by the division and that threatens the health and welfare of the individual.~~

~~(3) A current resident, or the guardian of a resident who is incapacitated, of a large, private intermediate care facility for the mentally retarded who requests to leave the facility.~~

~~(4) An individual who will be attaining the maximum age for a residential or group home setting funded by the department of education, the division of family resources, or the office.~~

~~(5) An individual for whom the primary caregiver of the individual is no longer able to care for the individual due to:~~

~~(A) the death of the primary caregiver;~~

~~(B) the long term institutionalization of the primary caregiver;~~

~~(C) the long term incapacitation of the primary caregiver; or~~

~~(D) the long term incarceration of the primary caregiver.~~

~~(6) An individual who is on the waiver waiting list and has been determined to have a shortened life span as defined by the division.~~

~~(7) Any other priority as determined by the division.~~

~~(e) The office may not implement the amendment to the waiver until the office files an affidavit with the governor attesting that the amendment to the federal waiver applied for under this section is in effect. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the waiver amendment is approved.~~

~~(f) If the office receives approval for the amendment to the waiver under this section from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (e), the office shall implement the amendment to the waiver not more than sixty (60) days after the governor receives the affidavit.~~

(c) Before October 1, 2011, the office shall apply to the United States Department of Health and Human Services for approval to amend a waiver to set an emergency placement priority for individuals in the following situations:

(1) Death of a primary caregiver where alternative placement in a supervised group living setting:

(A) is not available; or

(B) is determined by the division to be an inappropriate option.

(2) A situation in which:

(A) the primary caregiver is at least eighty (80) years of age; and

(B) alternate placement in a supervised group living setting is not available or is determined by the division to be an inappropriate option.

(3) There is evidence of abuse or neglect in the current institutional or home placement, and alternate placement in a supervised group living setting is not available or is determined by the division to be an inappropriate option.

(4) There are other health and safety risks, as determined by the division director, and alternate placement in a supervised group living setting is not available or is determined by the division to be an inappropriate option.

(d) The division shall report on a quarterly basis the following information to the division of disability and rehabilitative services advisory council established by IC 12-9-4-2 concerning each Medicaid waiver for which the office has been approved under this section to administer an emergency placement priority for individuals described in this section:

(1) The number of applications for emergency placement priority waivers.

(2) The number of individuals served on the waiver.

(3) The number of individuals on a wait list for the waiver.

~~(g)~~ **(e)** The office may adopt rules under IC 4-22-2 necessary to implement this section.

~~(h)~~ **(f)** This section expires July 1, 2016.

SECTION 114. IC 12-15-2-23, AS ADDED BY P.L.14-2009, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 23. (a) This section is effective beginning October 1, 2009.

(b) ~~Except as provided in subsection (c),~~ When the office conducts a look back (as described in 42 U.S.C. 1396p(c)) to determine, for purposes of eligibility, whether an individual improperly transferred assets, the office shall not consider in total one thousand two hundred dollars ($1,200) per year of contributions made by the individual to a:

(1) family member; or

(2) nonprofit organization;

as an improper transfer.

~~(c) The office may disregard a contribution by an individual if the individual can demonstrate that the transfer follows a pattern that existed for at least three (3) years before applying for Medicaid or was not for the purpose of fraud.~~

~~(d)~~ **(c)** Any rule adopted by the office of the secretary concerning a transfer of property may not apply to a transfer of property that occurred before the effective date of the rule.

SECTION 115. IC 12-15-2-23.5, AS ADDED BY P.L.14-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 23.5. (a) This section is effective beginning October 1, 2009.

~~(b) The office may not implement the optional provision allowed in 42 U.S.C 1396p(c)(1)(A) to apply penalties specified in 42 U.S.C. 1396p(c)(1)(A) to a noninstitutionalized individual or the spouse of the noninstitutionalized individual for the disposal of assets for less than fair market value.~~

~~(c)~~ **(b)** In implementing the federal Deficit Reduction Act of 2005, the office shall comply with the following:

(1) A rule adopted may not apply to the transfer of property or another transaction that occurred before the passage of the rule.

(2) The office may not require an individual to return all assets in order to reduce a penalty period for the transfer of assets. The office shall allow a penalty period to be proportionally reduced for a partial return of assets.

SECTION 116. IC 12-15-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. Except as provided in IC 12-15-2-12, IC 12-15-6, and IC 12-15-21, the following services and supplies are provided under Medicaid:

(1) Inpatient hospital services.
(2) Nursing facility services.
(3) Physician's services, including services provided under ~~IC 25-10-1 and~~ IC 25-22.5-1, **but not services under IC 25-10-1.**
(4) Outpatient hospital or clinic services.
(5) Home health care services.
(6) Private duty nursing services.
(7) Physical therapy and related services.
(8) Dental services **for eligible recipients who are less than twenty-one (21) years of age.**
(9) Prescribed laboratory and x-ray services.
(10) Prescribed drugs and services.
(11) Eyeglasses and prosthetic devices.
(12) Optometric services.
(13) Diagnostic, screening, preventive, and rehabilitative services.
(14) Podiatric medicine services **for eligible recipients who meet any of the following:**
(A) Are less than twenty-one (21) years of age.
(B) Are at least sixty-five (65) years of age.
(C) Are diagnosed with diabetes.
(15) Hospice services.
(16) Services or supplies recognized under Indiana law and specified under rules adopted by the office.
(17) Family planning services except the performance of abortions.
~~(18) Nonmedical nursing care given in accordance with the tenets and practices of a recognized church or religious denomination to an individual qualified for Medicaid who depends upon healing by prayer and spiritual means alone in accordance with the tenets and practices of the individual's church or religious denomination.~~
~~(19)~~ **(18)** Services provided to individuals described in IC 12-15-2-8 and IC 12-15-2-9.
~~(20)~~ **(19)** Services provided under IC 12-15-34 and IC 12-15-32.
~~(21)~~ **(20)** Case management services provided to individuals described in IC 12-15-2-11 and IC 12-15-2-13.
~~(22)~~ **(21)** Any other type of remedial care recognized under Indiana law and specified by the United States Secretary of Health and Human Services.
~~(23)~~ **(22)** Examinations required under IC 16-41-17-2(a)(10).

SECTION 117. IC 12-15-13-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. (a) As used in this section, "noninstitutional provider" means any Medicaid provider other than the following:**
(1) A health facility licensed under IC 16-28.
(2) An ICF/MR (as defined in IC 16-29-4-2).

(b) If the office of the secretary or the office of the secretary's designee believes that an overpayment to a noninstitutional provider has occurred, the office of the secretary or the office of the secretary's designee may submit to the noninstitutional provider a preliminary review of draft audit findings.

(c) A noninstitutional provider that receives a preliminary review of draft audit findings under subsection (b) may request administrative reconsideration of the preliminary review of draft audit findings not later than forty-five (45) days after the issuance of the preliminary review of draft audit findings. The noninstitutional provider may submit comments along with the request for administrative reconsideration. The noninstitutional provider must request administrative reconsideration before filing an appeal.

(d) Following administrative reconsideration of the preliminary review of draft audit findings

and any comments submitted along with the noninstitutional provider's request for administrative consideration and if the office of the secretary or the office of the secretary's designee believes that an overpayment has occurred, the office of the secretary or the office of the secretary's designee shall notify the noninstitutional provider in writing that the office of the secretary or the office of the secretary's designee:

(1) believes that the overpayment has occurred; and

(2) is issuing a final calculation of the overpayment.

(e) A noninstitutional provider who receives a notice under subsection (d) may elect to do one (1) of the following:

(1) Repay the amount of the final calculation not later than three hundred (300) days after the provider received the notice under subsection (d), including interest:

(A) due from the noninstitutional provider; and

(B) accruing from the date of overpayment.

(2) Request a hearing by filing an administrative appeal not later than sixty (60) days after receiving the notice under subsection (d) and repay the amount of the final calculation of the overpayment under subsection (d) not later than three hundred (300) days after receiving the notice under subsection (d).

(f) If:

(1) a noninstitutional provider elects to proceed under subsection (e)(2); and

(2) the office of the secretary or the office of the secretary's designee determines after the hearing and any subsequent appeal that the noninstitutional provider does not owe the money that the office of the secretary or the office of the secretary's designee believed the noninstitutional provider owed;

the office of the secretary or the office of the secretary's designee shall return the amount of the alleged overpayment, and any interest paid by the noninstitutional provider, and pay the noninstitutional provider interest on the money from the date of the noninstitutional provider's repayment.

(g) Interest that is due under this section shall be paid at a rate that is determined by the commissioner of the department of state revenue under IC 6-8.1-10-1(c) as follows:

(1) Interest due from a noninstitutional provider to the state shall be paid at the rate set by the commissioner for interest payments from the department of state revenue to a taxpayer.

(2) Interest due from the state to a noninstitutional provider shall be paid at the rate set by the commissioner for interest payments from the department of state revenue to a taxpayer.

(h) Interest on an overpayment to a noninstitutional provider is not due from the noninstitutional provider if the overpayment is the result of an error of:

(1) the office; or

(2) a contractor of the office;

as determined by the office of the secretary or the office of the secretary's designee.

(i) If interest on an overpayment to a noninstitutional provider is due from the noninstitutional provider, the secretary or the secretary's designee may, in the course of negotiations with the noninstitutional provider regarding an appeal filed under subsection (e), reduce the amount of interest due from the noninstitutional provider.

(j) Proceedings under this section are subject to IC 4-21.5.

SECTION 118. IC 12-15-13-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 4. (a) As used in this section, "institutional provider" means the following:**

(1) A health facility that is licensed under IC 16-28.

(2) An ICF/MR (as defined in IC 16-29-4-2).

(b) If the office of the secretary or the office of the secretary's designee believes that an

overpayment to an institutional provider has occurred, the office of the secretary or the office of the secretary's designee may do the following:

(1) Submit to the institutional provider a draft of the audit findings and accept comments from the institutional provider for consideration by the office of the secretary or the office of the secretary's designee before the audit findings are finalized.

(2) Finalize the audit findings and issue the preliminary recalculated Medicaid rate.

(c) An institutional provider that receives a preliminary recalculated Medicaid rate under subsection (b)(2) may request administrative reconsideration of the preliminary recalculated Medicaid rate not later than forty-five (45) days after the issuance of the preliminary recalculated rate. The institutional provider must request administrative reconsideration before filing an appeal.

(d) Following reconsideration of an institutional provider's comments, and if the office of the secretary or the office of the secretary's designee believes that an overpayment has occurred, the office of the secretary or the office of the secretary's designee shall notify the institutional provider in writing that the office of the secretary or the office of the secretary's designee:

(1) believes that the overpayment has occurred; and

(2) is issuing a final recalculated Medicaid rate.

(e) Upon the next payment cycle, the office of the secretary or the office of the secretary's designee shall retroactively implement the final recalculated Medicaid rate.

(f) If the institutional provider is dissatisfied with the reconsideration response issued by the office of the secretary or the office of the secretary's designee, the institutional provider may request a hearing by filing an appeal with the office of the secretary not later than sixty (60) days after the issuance of the reconsideration response.

(g) If an institutional provider requests a hearing under subsection (f) and the office of the secretary or the office of the secretary's designee determines after the hearing and any subsequent appeal that the institutional provider does not owe the money that the office of the secretary or the office of the secretary's designee believed the institutional provider owed, the office of the secretary or the office of the secretary's designee shall repay the following to the institutional provider not later than thirty (30) days after the completion of the hearing:

(1) The amount of the alleged overpayment.

(2) Any interest paid by the institutional provider.

(3) Interest on the money described in subdivisions (1) and (2) from the date of the institutional provider's repayment.

(h) Interest due under this section by either the institutional provider or the office of the secretary shall be paid at a rate that is determined by the commissioner of the department of state revenue under IC 6-8.1-10-1(c) at the rate set by the commissioner for interest payments from the department of state revenue to a taxpayer.

(i) Interest on an overpayment to an institutional provider is not due from the institutional provider if the office of the secretary or the office of the secretary's designee determines that the overpayment is the result of an error by the following:

(1) The office of the secretary.

(2) A contractor of the office of the secretary.

(j) If interest on an overpayment to an institutional provider is due from the institutional provider, the office of the secretary or the office of the secretary's designee may, in the course of negotiations with the institutional provider concerning an appeal filed under this section, reduce the amount of interest due from the institutional provider.

SECTION 119. IC 12-15-14-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. (a) The office may not reimburse a nursing facility provider for reserving a bed for a Medicaid recipient when the Medicaid recipient is not present in the nursing facility due to a hospital stay or leave of absence for therapeutic**

reasons.

(b) Not later than September 30, 2011, the office shall submit a state Medicaid plan amendment to the federal Centers for Medicare and Medicaid Services to implement this section.

SECTION 120. IC 12-15-15-1.1, AS AMENDED BY P.L.218-2007, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.1. (a) This section applies to a hospital that is:

(1) licensed under IC 16-21; and

(2) established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

This section does not apply during the period that the office is collecting a hospital assessment from a hospital.

(b) For a state fiscal year ending after June 30, 2003, in addition to reimbursement received under section 1 of this chapter, a hospital is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the aggregate inpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

STEP TWO: For the aggregate inpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office for the inpatient hospital services described in STEP ONE under Medicare payment principles.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Subject to subsection (g), from the amount calculated under STEP FOUR, allocate to a hospital established and operated under IC 16-22-8 an amount not to exceed one hundred percent (100%) of the difference between:

(A) the total cost for the hospital's provision of inpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year; and

(B) the total payment to the hospital for its provision of inpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP SIX: Subtract the amount calculated under STEP FIVE from the amount calculated under STEP FOUR.

STEP SEVEN: Distribute an amount equal to the amount calculated under STEP SIX to the eligible hospitals established and operated under IC 16-22-2 or IC 16-23 described in subsection (c) in an amount not to exceed each hospital's Medicaid shortfall as defined in subsection (f).

(c) Subject to subsection (e), reimbursement for a state fiscal year under this section consists of payments made after the close of each state fiscal year. A hospital is not eligible for a payment described in this subsection unless an intergovernmental transfer or certification of expenditures is made under subsection (d).

(d) Subject to subsection (e):

(1) an intergovernmental transfer may be made by or on behalf of the hospital; or

(2) a certification of expenditures as eligible for federal financial participation may be made;

after the close of each state fiscal year. An intergovernmental transfer under this subsection must be made to the Medicaid indigent care trust fund in an amount equal to a percentage, as determined by the office, of the amount to be distributed to the hospital under this section. The office shall use the intergovernmental transfer to fund payments made under this section.

(e) A hospital that makes a certification of expenditures or makes or has an intergovernmental transfer

made on the hospital's behalf under this section may appeal under IC 4-21.5 the amount determined by the office to be paid the hospital under subsection (b). The periods described in subsections (c) and (d) for the hospital or another entity to make an intergovernmental transfer or certification of expenditures are tolled pending the administrative appeal and any judicial review initiated by the hospital under IC 4-21.5. The distribution to other hospitals under subsection (b) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under subsection (b) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based upon estimates and trends calculated by the office.

(f) For purposes of this section:

(1) the Medicaid shortfall of a hospital established and operated under IC 16-22-2 or IC 16-23 is calculated as follows:

STEP ONE: The office shall identify the inpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospital.

STEP TWO: For the inpatient hospital services identified under STEP ONE, the office shall calculate the payments made under this article and under the state Medicaid plan to the hospital, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid by the office for the inpatient hospital services described in STEP ONE under Medicare payment principles; and

(2) a hospital's Medicaid shortfall is equal to the amount by which the amount calculated in STEP THREE of subdivision (1) is greater than the amount calculated in STEP TWO of subdivision (1).

(g) The actual distribution of the amount calculated under STEP FIVE of subsection (b) to a hospital established and operated under IC 16-22-8 shall be made under the terms and conditions provided for the hospital in the state plan for medical assistance. Payment to a hospital under STEP FIVE of subsection (b) is not a condition precedent to the tender of payments to hospitals under STEP SEVEN of subsection (b).

SECTION 121. IC 12-15-15-1.3, AS AMENDED BY P.L.218-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.3. (a) This section applies to a hospital that is:

(1) licensed under IC 16-21; and

(2) established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

This section does not apply during the period that the office is collecting a hospital assessment from a hospital.

(b) For a state fiscal year ending after June 30, 2003, in addition to reimbursement received under section 1 of this chapter, a hospital is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the aggregate outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23.

STEP TWO: For the aggregate outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals established and operated under IC 16-22-2, IC 16-22-8, or IC 16-23, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office under Medicare payment principles for the outpatient hospital services described in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under

STEP THREE.

STEP FIVE: Subject to subsection (g), from the amount calculated under STEP FOUR, allocate to a hospital established and operated under IC 16-22-8 an amount not to exceed one hundred percent (100%) of the difference between:

(A) the total cost for the hospital's provision of outpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year; and

(B) the total payment to the hospital for its provision of outpatient services covered under this article for the hospital's fiscal year ending during the state fiscal year, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP SIX: Subtract the amount calculated under STEP FIVE from the amount calculated under STEP FOUR.

STEP SEVEN: Distribute an amount equal to the amount calculated under STEP SIX to the eligible hospitals established and operated under IC 16-22-2 or IC 16-23 described in subsection (c) in an amount not to exceed each hospital's Medicaid shortfall as defined in subsection (f).

(c) A hospital is not eligible for a payment described in this section unless:

(1) an intergovernmental transfer is made by the hospital or on behalf of the hospital; or

(2) the hospital or another entity certifies the hospital's expenditures as eligible for federal financial participation.

(d) Subject to subsection (e):

(1) an intergovernmental transfer may be made by or on behalf of the hospital; or

(2) a certification of expenditures as eligible for federal financial participation may be made;

after the close of each state fiscal year. An intergovernmental transfer under this subsection must be made to the Medicaid indigent care trust fund in an amount equal to a percentage, as determined by the office, of the amount to be distributed to the hospital under subsection (b). The office shall use the intergovernmental transfer to fund payments made under this section.

(e) A hospital that makes a certification of expenditures or makes or has an intergovernmental transfer made on the hospital's behalf under this section may appeal under IC 4-21.5 the amount determined by the office to be paid by the hospital under subsection (b). The periods described in subsections (c) and (d) for the hospital or other entity to make an intergovernmental transfer or certification of expenditures are tolled pending the administrative appeal and any judicial review initiated by the hospital under IC 4-21.5. The distribution to other hospitals under subsection (b) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under subsection (b) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals must be made. A partial distribution may be calculated by the office based upon estimates and trends.

(f) For purposes of this section:

(1) the Medicaid shortfall of a hospital established and operated under IC 16-22-2 or IC 16-23 is calculated as follows:

STEP ONE: The office shall identify the outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospital.

STEP TWO: For the outpatient hospital services identified under STEP ONE, the office shall calculate the payments made under this article and under the state Medicaid plan to the hospital, excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid by the office for the outpatient hospital services described in STEP ONE under Medicare payment principles; and

(2) a hospital's Medicaid shortfall is equal to the amount by which the amount calculated in STEP

THREE of subdivision (1) is greater than the amount calculated in STEP TWO of subdivision (1).

(g) The actual distribution of the amount calculated under STEP FIVE of subsection (b) to a hospital established and operated under IC 16-22-8 shall be made under the terms and conditions provided for the hospital in the state plan for medical assistance. Payment to a hospital under STEP FIVE of subsection (b) is not a condition precedent to the tender of payments to hospitals under STEP SEVEN of subsection (b).

SECTION 122. IC 12-15-15-1.5, AS AMENDED BY P.L.3-2008, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.5. (a) This section applies to a hospital that:

(1) is licensed under IC 16-21;

(2) is not a unit of state or local government; and

(3) is not owned or operated by a unit of state or local government.

This section does not apply during the period that the office is collecting a hospital assessment from a hospital.

(b) For a state fiscal year ending after June 30, 2003, and before July 1, 2007, in addition to reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services, reimbursable under this article and under the state Medicaid plan, that were provided during the state fiscal year by the hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified under STEP ONE, the office shall calculate the aggregate payments made under this article and under the state Medicaid plan to hospitals described in subsection (a), excluding payments under IC 12-15-16, IC 12-15-17, and IC 12-15-19.

STEP THREE: The office shall calculate a reasonable estimate of the amount that would have been paid in the aggregate by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE under Medicare payment principles.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) Subject to the availability of funds under IC 12-15-20-2(8)(D) to serve as the nonfederal share of such payment, the first ten million dollars ($10,000,000) of the amount calculated under STEP FOUR for a state fiscal year shall be paid to a hospital described in subsection (a) that has more than sixty thousand (60,000) Medicaid inpatient days.

(B) Following the payment to the hospital under clause (A) and subject to the availability of funds under IC 12-15-20-2(8)(D) to serve as the nonfederal share of such payments, the remaining amount calculated under STEP FOUR for a state fiscal year shall be paid to all hospitals described in subsection (a). The payments shall be made on a pro rata basis based on the hospitals' Medicaid inpatient days or other payment methodology approved by the Centers for Medicare and Medicaid Services. For purposes of this clause, a hospital's Medicaid inpatient days are the hospital's in-state and paid Medicaid fee for service and managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office.

(C) Subject to IC 12-15-20.7, in the event the entirety of the amount calculated under STEP FOUR is not distributed following the payments made under clauses (A) and (B), the remaining amount may be paid to hospitals described in subsection (a) that are eligible under this clause. A hospital is eligible for a payment under this clause only if the nonfederal share of the hospital's payment is provided by or on behalf of the hospital. The remaining amount shall be paid to those eligible hospitals:

(i) on a pro rata basis in relation to all hospitals eligible under this clause based on the

hospitals' Medicaid inpatient days; or

(ii) other payment methodology determined by the office and approved by the Centers for Medicare and Medicaid Services.

(c) As used in this subsection, "Medicaid supplemental payments" means Medicaid payments for hospitals that are in addition to Medicaid fee-for-service payments, Medicaid risk-based managed care payments, and Medicaid disproportionate share payments, and that are included in the Medicaid state plan, including Medicaid safety-net payments, and payments made under this section and sections 1.1, 1.3, 9, and 9.5 of this chapter. For a state fiscal year ending after June 30, 2007, in addition to the reimbursement received under section 1 of this chapter, a hospital eligible under this section is entitled to reimbursement in an amount calculated as follows:

STEP ONE: The office shall identify the total inpatient hospital services and the total outpatient hospital services reimbursable under this article and under the state Medicaid plan that were provided during the state fiscal year for all hospitals described in subsection (a).

STEP TWO: For the total inpatient hospital services and the total outpatient hospital services identified in STEP ONE, the office shall calculate the total payments made under this article and under the state Medicaid plan to all hospitals described in subsection (a). A calculation under this STEP excludes a payment made under the following:

(A) IC 12-15-16.

(B) IC 12-15-17.

(C) IC 12-15-19.

STEP THREE: The office shall calculate, under Medicare payment principles, a reasonable estimate of the total amount that would have been paid by the office for the inpatient hospital services and the outpatient hospital services identified in STEP ONE.

STEP FOUR: Subtract the amount calculated under STEP TWO from the amount calculated under STEP THREE.

STEP FIVE: Distribute an amount equal to the amount calculated under STEP FOUR to the eligible hospitals described in subsection (a) as follows:

(A) As used in this clause, "Medicaid inpatient days" are the hospital's in-state paid Medicaid fee for service and risk-based managed care days for the state fiscal year for which services are identified under STEP ONE, as determined by the office. Subject to the availability of funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(c) and remaining in the Medicaid indigent care trust fund under IC 12-15-20-2(8)(G) to serve as the nonfederal share of the payments, the amount calculated under STEP FOUR for a state fiscal year shall be paid to all hospitals described in subsection (a). The payments shall be made on a pro rata basis, based on the hospitals' Medicaid inpatient days or in accordance with another payment methodology determined by the office and approved by the Centers for Medicare and Medicaid Services.

(B) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A), the remaining amount shall be paid as described in clauses (C) and (D) to a hospital that is described in subsection (a) and that is described as eligible under this clause. A hospital is eligible for a payment under clause (C) only if the hospital:

(i) has less than sixty thousand (60,000) Medicaid inpatient days annually;

(ii) was eligible for Medicaid disproportionate share hospital payments in the state fiscal year ending June 30, 1998, or the hospital met the office's Medicaid disproportionate share payment criteria based upon state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001; and

(iii) received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

The payment amount under clause (C) for an eligible hospital is subject to the availability of the nonfederal share of the hospital's payment being provided by the hospital or on behalf of the hospital.

(C) For state fiscal years ending after June 30, 2007, but before July 1, 2009, payments to eligible hospitals described in clause (B) shall be made as follows:

(i) The payment to an eligible hospital that merged two (2) hospitals under a single Medicaid provider number effective January 1, 2004, shall equal one hundred percent (100%) of the hospital's hospital-specific limit for the state fiscal year ending June 30, 2005, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(ii) The payment to an eligible hospital described in clause (B) other than a hospital described in item (i) shall equal one hundred percent (100%) of the hospital's hospital specific limit for the state fiscal year ending June 30, 2004, when the payment is combined with any Medicaid disproportionate share payment made under IC 12-15-19-2.1, Medicaid, and other Medicaid supplemental payments, paid or to be paid to the hospital for a state fiscal year.

(D) For state fiscal years beginning after June 30, 2009, payments to an eligible hospital described in clause (B) shall be made in a manner determined by the office.

(E) Subject to IC 12-15-20.7, if the entire amount calculated under STEP FOUR is not distributed following the payments made under clause (A) and clauses (C) or (D), the remaining amount may be paid as described in clause (F) to a hospital described in subsection (a) that is described as eligible under this clause. A hospital is eligible for a payment for a state fiscal year under clause (F) if the hospital:

(i) is eligible to receive Medicaid disproportionate share payments for the state fiscal year for which the Medicaid disproportionate share payment is attributable under IC 12-15-19-2.1, for a state fiscal year ending after June 30, 2007; and

(ii) does not receive a payment under clauses (C) or (D) for the state fiscal year.

A payment to a hospital under this clause is subject to the availability of nonfederal matching funds.

(F) Payments to eligible hospitals described in clause (E) shall be made:

(i) to best use federal matching funds available for hospitals that are eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and

(ii) by using a methodology that allocates available funding under this clause, Medicaid supplemental payments, and payments under IC 12-15-19-2.1, in a manner in which all hospitals eligible under clause (E) receive payments in a manner that takes into account the situation of eligible hospitals that have historically qualified for Medicaid disproportionate share payments and ensures that payments for eligible hospitals are equitable.

(G) If the Centers for Medicare and Medicaid Services does not approve the payment methodologies in clauses (A) through (F), the office may implement alternative payment methodologies that are eligible for federal financial participation to implement a program consistent with the payments for hospitals described in clauses (A) through (F).

(d) A hospital described in subsection (a) may appeal under IC 4-21.5 the amount determined by the office to be paid to the hospital under STEP FIVE of subsections (b) or (c). The distribution to other hospitals under STEP FIVE of subsection (b) or (c) may not be delayed due to an administrative appeal or judicial review instituted by a hospital under this subsection. If necessary, the office may make a partial distribution to the other eligible hospitals under STEP FIVE of subsection (b) or (c) pending the completion of a hospital's administrative appeal or judicial review, at which time the remaining portion of the payments due to the eligible hospitals shall be made. A partial distribution may be based on estimates and trends calculated by the office.

SECTION 123. IC 12-15-15-1.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1.6. (a) This section applies only if the office determines, based on information received from the ~~federal~~ **United States** Centers for Medicare and Medicaid Services, that payments made under section 1.5(b) STEP FIVE (A), (B), or (C) of this chapter will not be approved for federal financial participation. **This section does not apply during the period that the office is collecting a hospital assessment from a hospital.**

(b) If the office determines that payments made under section 1.5(b) STEP FIVE (A) of this chapter will not be approved for federal financial participation, the office may make alternative payments to payments under section 1.5(b) STEP FIVE (A) of this chapter if:

(1) the payments for a state fiscal year are made only to a hospital that would have been eligible for a payment for that state fiscal year under section 1.5(b) STEP FIVE (A) of this chapter; and

(2) the payments for a state fiscal year to each hospital are an amount that is as equal as possible to the amount each hospital would have received under section 1.5(b) STEP FIVE (A) of this chapter for that state fiscal year.

(c) If the office determines that payments made under section 1.5(b) STEP FIVE (B) of this chapter will not be approved for federal financial participation, the office may make alternative payments to payments under section 1.5(b) STEP FIVE (B) of this chapter if:

(1) the payments for a state fiscal year are made only to a hospital that would have been eligible for a payment for that state fiscal year under section 1.5(b) STEP FIVE (B) of this chapter; and

(2) the payments for a state fiscal year to each hospital are an amount that is as equal as possible to the amount each hospital would have received under section 1.5(b) STEP FIVE (B) of this chapter for that state fiscal year.

(d) If the office determines that payments made under section 1.5(b) STEP FIVE (C) of this chapter will not be approved for federal financial participation, the office may make alternative payments to payments under section 1.5(b) STEP FIVE (C) of this chapter if:

(1) the payments for a state fiscal year are made only to a hospital that would have been eligible for a payment for that state fiscal year under section 1.5(b) STEP FIVE (C) of this chapter; and

(2) the payments for a state fiscal year to each hospital are an amount that is as equal as possible to the amount each hospital would have received under section 1.5(b) STEP FIVE (C) of this chapter for that state fiscal year.

(e) If the office determines, based on information received from the ~~federal~~ **United States** Centers for Medicare and Medicaid Services, that payments made under subsection (b), (c), or (d) will not be approved for federal financial participation, the office shall use the funds that would have served as the nonfederal share of these payments for a state fiscal year to serve as the nonfederal share of a payment program for hospitals to be established by the office. The payment program must distribute payments to hospitals for a state fiscal year based upon a methodology determined by the office to be equitable under the circumstances.

SECTION 124. IC 12-15-15-9, AS AMENDED BY P.L.218-2007, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and:

(1) who is a resident of the county;

(2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or

(3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

This section does not apply during the period that the office is collecting a hospital assessment from

a hospital.

(b) For each state fiscal year ending after June 30, 2003, and before July 1, 2007, a hospital licensed under IC 16-21-2 that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5 is entitled to a payment under subsection (c).

(c) Except as provided in section 9.8 of this chapter and subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP SIX of the following STEPS:

STEP ONE: Identify:

(A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 during the state fiscal year; and

(B) the county to which each payable claim is attributed.

STEP TWO: For each county identified in STEP ONE, identify:

(A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 attributed to the county during the state fiscal year; and

(B) the total amount of all hospital payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year.

STEP THREE: For each county identified in STEP ONE, identify the amount of county funds transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5.

STEP FOUR: For each hospital identified in STEP ONE, with respect to each county identified in STEP ONE, calculate the hospital's percentage share of the county's funds transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5. Each hospital's percentage share is based on the total amount of the hospital's payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year, calculated as a percentage of the total amount of all hospital payable claims submitted to the division under IC 12-16-7.5 attributed to the county during the state fiscal year.

STEP FIVE: Subject to subsection (j), for each hospital identified in STEP ONE, with respect to each county identified in STEP ONE, multiply the hospital's percentage share calculated under STEP FOUR by the amount of the county's funds transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5.

STEP SIX: Determine the sum of all amounts calculated under STEP FIVE for each hospital identified in STEP ONE with respect to each county identified in STEP ONE.

(d) For state fiscal years beginning after June 30, 2007, a hospital that received a payment determined under STEP SIX of subsection (c) for the state fiscal year ending June 30, 2007, shall be paid in an amount equal to the amount determined for the hospital under STEP SIX of subsection (c) for the state fiscal year ending June 30, 2007.

(e) A hospital's payment under subsection (c) or (d) is in the form of a Medicaid supplemental payment. The amount of a hospital's Medicaid supplemental payment is subject to the availability of funding for the non-federal share of the payment under subsection (f). The office shall make the payments under subsection (c) and (d) before December 15 that next succeeds the end of the state fiscal year.

(f) The non-federal share of a payment to a hospital under subsection (c) or (d) is funded from the funds transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5.

(g) The amount of a county's transferred funds available to be used to fund the non-federal share of a payment to a hospital under subsection (c) is an amount that bears the same proportion to the total amount of funds of the county transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5 that the total amount of the hospital's payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year bears to the total amount of all hospital payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year.

(h) Any county's funds identified in subsection (g) that remain after the non-federal share of a

hospital's payment has been funded are available to serve as the non-federal share of a payment to a hospital under section 9.5 of this chapter.

(i) For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).

(j) For purposes of subsection (c):

(1) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and

(2) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

(k) The amount calculated under STEP FIVE of subsection (c) for a hospital with respect to a county may not exceed the total amount of the hospital's payable claims attributed to the county during the state fiscal year.

SECTION 125. IC 12-15-15-9.5, AS AMENDED BY P.L.3-2008, SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9.5. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and:

(1) who is a resident of the county;

(2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or

(3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

This section does not apply during the period that the office is collecting a hospital assessment from a hospital.

(b) For each state fiscal year ending after June 30, 2003, but before July 1, 2007, a hospital licensed under IC 16-21-2:

(1) that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5; and

(2) whose payment under section 9(c) of this chapter was less than the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year;

is entitled to a payment under subsection (c).

(c) Subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP EIGHT of the following STEPS:

STEP ONE: Identify each county whose transfer of funds to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5 for the state fiscal year was less than the total amount of all hospital payable claims attributed to the county and submitted to the division during the state fiscal year.

STEP TWO: For each county identified in STEP ONE, calculate the difference between the amount of funds of the county transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5 and the total amount of all hospital payable claims attributed to the county and submitted to the division during the state fiscal year.

STEP THREE: Calculate the sum of the amounts calculated for the counties under STEP TWO.

STEP FOUR: Identify each hospital whose payment under section 9(c) of this chapter was less than the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year.

STEP FIVE: Calculate for each hospital identified in STEP FOUR the difference between the hospital's payment under section 9(c) of this chapter and the total amount of the hospital's payable claims under IC 12-16-7.5 submitted by the hospital to the division during the state fiscal year.

STEP SIX: Calculate the sum of the amounts calculated for each of the hospitals under STEP FIVE.

STEP SEVEN: For each hospital identified in STEP FOUR, calculate the hospital's percentage share of the amount calculated under STEP SIX. Each hospital's percentage share is based on the amount calculated for the hospital under STEP FIVE calculated as a percentage of the sum calculated under STEP SIX.

STEP EIGHT: For each hospital identified in STEP FOUR, multiply the hospital's percentage share calculated under STEP SEVEN by the sum calculated under STEP THREE. The amount calculated under this STEP for a hospital may not exceed the amount by which the hospital's total payable claims under IC 12-16-7.5 submitted during the state fiscal year exceeded the amount of the hospital's payment under section 9(c) of this chapter.

(d) For state fiscal years beginning after June 30, 2007, a hospital that received a payment determined under STEP EIGHT of subsection (c) for the state fiscal year ending June 30, 2007, shall be paid an amount equal to the amount determined for the hospital under STEP EIGHT of subsection (c) for the state fiscal year ending June 30, 2007.

(e) A hospital's payment under subsection (c) or (d) is in the form of a Medicaid supplemental payment. The amount of the hospital's add-on payment is subject to the availability of funding for the nonfederal share of the payment under subsection (f). The office shall make the payments under subsection (c) or (d) before December 15 that next succeeds the end of the state fiscal year.

(f) The nonfederal share of a payment to a hospital under subsection (c) or (d) is derived from funds transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5 and not expended under section 9 of this chapter.

(g) Except as provided in subsection (h), the office may not make a payment under this section until the payments due under section 9 of this chapter for the state fiscal year have been made.

(h) If a hospital appeals a decision by the office regarding the hospital's payment under section 9 of this chapter, the office may make payments under this section before all payments due under section 9 of this chapter are made if:

(1) a delay in one (1) or more payments under section 9 of this chapter resulted from the appeal; and

(2) the office determines that making payments under this section while the appeal is pending will not unreasonably affect the interests of hospitals eligible for a payment under this section.

(i) Any funds transferred to the Medicaid indigent care trust fund under IC 12-16-7.5-4.5 remaining after payments are made under this section shall be used as provided in IC 12-15-20-2(8).

(j) For purposes of subsection (c):

(1) "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b);

(2) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and

(3) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

SECTION 126. IC 12-15-16-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) As used in this section, "low income utilization rate" refers to the low income utilization rate described in section 3 of this chapter.

(b) Hospitals that qualify for basic disproportionate share under section 1(a) of this chapter shall receive disproportionate share payments as follows:

(1) For the state fiscal year ending June 30, 1999, a pool not exceeding twenty-one million dollars

($21,000,000) shall be distributed to all hospitals licensed under IC 16-21 that qualify under section 1(a)(1) of this chapter. The funds in the pool must be distributed to qualifying hospitals in proportion to each hospital's Medicaid day utilization rate and Medicaid discharges, as determined based on data from the most recent audited cost report on file with the office. Any funds remaining in the pool referred to in this subdivision following distribution to all qualifying hospitals shall be transferred to the pool distributed under subdivision (3).

(2) Hospitals licensed under IC 16-21 that qualify under both section 1(a)(1) and 1(a)(2) of this chapter shall receive a disproportionate share payment in accordance with subdivision (1).

(3) For the state fiscal year ending June 30, 1999, a pool not exceeding five million dollars ($5,000,000), subject to adjustment by the transfer of any funds remaining in the pool referred to in subdivision (1), following distribution to all qualifying hospitals, shall be distributed to all hospitals licensed under IC 16-21 that:

(A) qualify under section 1(a)(1) or 1(a)(2) of this chapter; and

(B) have at least twenty-five thousand (25,000) Medicaid inpatient days per year, based on data from each hospital's Medicaid cost report for the fiscal year ended during state fiscal year 1996.

The funds in the pool must be distributed to qualifying hospitals in proportion to each hospital's Medicaid day utilization rate and total Medicaid patient days, as determined based on data from the most recent audited cost report on file with the office. Payments under this subdivision are in place of the payments made under subdivisions (1) and (2).

(c) **This subsection does not apply during the period that the office is collecting a hospital assessment from a hospital.** Other institutions that qualify as disproportionate share providers under section 1 of this chapter, in each state fiscal year, shall receive disproportionate share payments as follows:

(1) For each of the state fiscal years ending after June 30, 1995, a pool not exceeding two million dollars ($2,000,000) shall be distributed to all private psychiatric institutions licensed under IC 12-25 that qualify under section 1(a)(1) or 1(a)(2) of this chapter. The funds in the pool must be distributed to the qualifying institutions in proportion to each institution's Medicaid day utilization rate as determined based on data from the most recent audited cost report on file with the office.

(2) A pool not exceeding one hundred ninety-one million dollars ($191,000,000) for all state fiscal years ending after June 30, 1995, shall be distributed to all state mental health institutions under IC 12-24-1-3 that qualify under either section 1(a)(1) or 1(a)(2) of this chapter. The funds in the pool must be distributed to each qualifying institution in proportion to each institution's low income utilization rate, as determined based on the most recent data on file with the office.

(d) **This subsection does not apply during the period that the office is collecting a hospital assessment from a hospital.** Disproportionate share payments described in this section shall be made on an interim basis throughout the year, as provided by the office.

SECTION 127. IC 12-15-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. A disproportionate share payment shall be made to:

(1) a hospital licensed under IC 16-21;

(2) a state mental health institution under IC 12-24-1-3; and

(3) a private psychiatric institution licensed under IC 12-25;

that serves a disproportionate share of Medicaid recipients and other low income patients as determined under IC 12-15-16-1. However, a provider may not be defined as a disproportionate share provider under IC 12-15-16-1 unless the provider has a Medicaid inpatient utilization rate (as defined in 42 U.S.C. 1396r-4(b)(2)) of at least one percent (1%). **Subdivisions (2) and (3) do not apply during the period that the office is collecting a hospital assessment from a hospital.**

SECTION 128. IC 12-15-19-2.1, AS AMENDED BY P.L.218-2007, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2.1. (a) **This section does not apply during the period that the office is collecting a hospital assessment from a hospital.** For each state

fiscal year ending on or after June 30, 2000, the office shall develop a disproportionate share payment methodology that ensures that each hospital qualifying for disproportionate share payments under IC 12-15-16-1(a) timely receives total disproportionate share payments that do not exceed the hospital's hospital specific limit provided under 42 U.S.C. 1396r-4(g). The payment methodology as developed by the office must:

(1) maximize disproportionate share hospital payments to qualifying hospitals to the extent practicable;

(2) take into account the situation of those qualifying hospitals that have historically qualified for Medicaid disproportionate share payments; and

(3) ensure that payments for qualifying hospitals are equitable.

(b) Total disproportionate share payments to a hospital under this chapter shall not exceed the hospital specific limit provided under 42 U.S.C. 1396r-4(g). The hospital specific limit for a state fiscal year shall be determined by the office taking into account data provided by each hospital that is considered reliable by the office based on a system of periodic audits, the use of trending factors, and an appropriate base year determined by the office. The office may require independent certification of data provided by a hospital to determine the hospital's hospital specific limit.

(c) The office shall include a provision in each amendment to the state plan regarding Medicaid disproportionate share payments that the office submits to the federal Centers for Medicare and Medicaid Services that, as provided in 42 CFR 447.297(d)(3), allows the state to make additional disproportionate share expenditures after the end of each federal fiscal year that relate back to a prior federal fiscal year. However, the total disproportionate share payments to:

(1) each individual hospital; and

(2) all qualifying hospitals in the aggregate;

may not exceed the limits provided by federal law and regulation.

SECTION 129. IC 12-15-19-6, AS AMENDED BY P.L.218-2007, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) **This section does not apply during the period that the office is collecting a hospital assessment from a hospital.** The office is not required to make disproportionate share payments under this chapter from the Medicaid indigent care trust fund established by IC 12-15-20-1 until the fund has received sufficient deposits, including intergovernmental transfers of funds and certifications of expenditures, to permit the office to make the state's share of the required disproportionate share payments.

(b) For state fiscal years beginning after June 30, 2006, if:

(1) sufficient deposits have not been received; or

(2) the statewide Medicaid disproportionate share allocation is insufficient to provide federal financial participation for the entirety of all eligible disproportionate share hospitals' hospital-specific limits;

the office shall reduce disproportionate share payments made under IC 12-15-19-2.1 and Medicaid safety-net payments made in accordance with the Medicaid state plan to eligible institutions using an equitable methodology consistent with subsection (c).

(c) For state fiscal years beginning after June 30, 2006, payments reduced under this section shall, in accordance with the Medicaid state plan, be made:

(1) to best utilize federal matching funds available for hospitals eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1; and

(2) by utilizing a methodology that allocates available funding under this subdivision, and Medicaid supplemental payments as defined in IC 12-15-15-1.5, in a manner that all hospitals eligible for Medicaid disproportionate share payments under IC 12-15-19-2.1 receive payments using a methodology that:

(A) takes into account the situation of the eligible hospitals that have historically qualified for Medicaid disproportionate share payments; and

(B) ensures that payments for eligible hospitals are equitable.

(d) The percentage reduction shall be sufficient to ensure that payments do not exceed the statewide Medicaid disproportionate share allocation or the amounts that can be financed with:

(1) the amount transferred from the hospital care for the indigent trust fund;

(2) other intergovernmental transfers;

(3) certifications of public expenditures; or

(4) any other permissible sources of non-federal match.

SECTION 130. IC 12-15-19-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) **This section does not apply during the period that the office is collecting a hospital assessment from a hospital.** A provider that qualifies as a municipal disproportionate share provider under IC 12-15-16-1 shall receive a disproportionate share adjustment, subject to the provider's hospital specific limits described in subsection (b), as follows:

(1) For each state fiscal year ending on or after June 30, 1998, an amount shall be distributed to each provider qualifying as a municipal disproportionate share provider under IC 12-15-16-1. The total amount distributed shall not exceed the sum of all hospital specific limits for all qualifying providers.

(2) For each municipal disproportionate share provider qualifying under IC 12-15-16-1 to receive disproportionate share payments, the amount in subdivision (1) shall be reduced by the amount of disproportionate share payments received by the provider under IC 12-15-16-6 or sections 1 or 2.1 of this chapter. The office shall develop a disproportionate share provider payment methodology that ensures that each municipal disproportionate share provider receives disproportionate share payments that do not exceed the provider's hospital specific limit specified in subsection (b). The methodology developed by the office shall ensure that a municipal disproportionate share provider receives, to the extent possible, disproportionate share payments that, when combined with any other disproportionate share payments owed to the provider, equals the provider's hospital specific limits.

(b) Total disproportionate share payments to a provider under this chapter and IC 12-15-16 shall not exceed the hospital specific limit provided under 42 U.S.C. 1396r-4(g). The hospital specific limit for state fiscal years ending on or before June 30, 1999, shall be determined by the office taking into account data provided by each hospital for the hospital's most recent fiscal year or, if a change in fiscal year causes the most recent fiscal period to be less than twelve (12) months, twelve (12) months of data compiled to the end of the provider's fiscal year that ends within the most recent state fiscal year, as certified to the office by an independent certified public accounting firm. The hospital specific limit for all state fiscal years ending on or after June 30, 2000, shall be determined by the office taking into account data provided by each hospital that is deemed reliable by the office based on a system of periodic audits, the use of trending factors, and an appropriate base year determined by the office. The office may require independent certification of data provided by a hospital to determine the hospital's hospital specific limit.

(c) For each of the state fiscal years:

(1) beginning July 1, 1998, and ending June 30, 1999; and

(2) beginning July 1, 1999, and ending June 30, 2000;

the total municipal disproportionate share payments available under this section to qualifying municipal disproportionate share providers is twenty-two million dollars ($22,000,000).

SECTION 131. IC 12-15-19-10, AS AMENDED BY P.L.2-2005, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. **This section does not apply during the period that the office is collecting a hospital assessment from a hospital.** For state fiscal years beginning after June 30, 2000, the state shall pay providers as follows:

(1) The state shall make municipal disproportionate share provider payments to providers qualifying under IC 12-15-16-1(b) until the state exceeds the state disproportionate share allocation (as defined in 42 U.S.C. 1396r-4(f)(2)).

(2) After the state makes all payments under subdivision (1), if the state fails to exceed the state

disproportionate share allocation (as defined in 42 U.S.C. 1396r-4(f)(2)), the state shall make disproportionate share provider payments to providers qualifying under IC 12-15-16-1(a).

(3) After the state makes all payments under subdivision (2), if the state fails to exceed the state disproportionate share allocation (as defined in 42 U.S.C. 1396r-4(f)(2)), or the state limit on disproportionate share expenditures for institutions for mental diseases (as defined in 42 U.S.C. 1396r-4(h)), the state shall make community mental health center disproportionate share provider payments to providers qualifying under IC 12-15-16-1(c).

SECTION 132. IC 12-15-20-2, AS AMENDED BY P.L.218-2007, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. The Medicaid indigent care trust fund is established to pay the non-federal share of the following:

(1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.

(2) Subject to subdivision (8), disproportionate share payments to providers under IC 12-15-19-2.1.

(3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.

(4) Municipal disproportionate share payments to providers under IC 12-15-19-8.

(5) Payments to hospitals under IC 12-15-15-9.

(6) Payments to hospitals under IC 12-15-15-9.5.

(7) Payments, funding, and transfers as otherwise provided in clauses (8)(D), (8)(F), and (8)(G).

(8) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, the following apply:

(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for state fiscal years ending on or before June 30, 2000, shall be used to fund the state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year ending June 30, 2001, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, for the state fiscal year shall be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(C) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, for state fiscal years beginning July 1, 2001, and July 1, 2002, an amount equal to:

(i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998; minus

(ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2001, and July 1, 2002;

shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, must be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(D) The intergovernmental transfers, which shall include amounts transferred under IC 12-16-7.5-4.5, deposited into the Medicaid indigent care trust fund and the certifications of public expenditures deemed to be made to the medicaid indigent care trust fund, for the state fiscal years ending after June 30, 2005, but before July 1, 2007, shall be used, in descending order of priority, as follows:

(i) As provided in clause (B) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (B) of STEP THREE of IC 12-16-7.5-4.5(b)(2), to fund the amount to be transferred to the office.

(ii) As provided in clause (C) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (C) of

STEP THREE of IC 12-16-7.5-4.5(b)(2), to fund the non-federal share of the payments made under IC 12-15-15-9 and IC 12-15-15-9.5.

(iii) To fund the non-federal share of the payments made under IC 12-15-15-1.1, IC 12-15-15-1.3, and IC 12-15-19-8.

(iv) As provided under clause (A) of STEP THREE of IC 12-16-7.5-4.5(b)(1) and clause (A) of STEP THREE of IC 12-16-7.5-4.5(b)(2), for the payment to be made under clause (A) of STEP FIVE of IC 12-15-15-1.5(b).

(v) As provided under STEP FOUR of IC 12-16-7.5-4.5(b)(1) and STEP FOUR of IC 12-16-7.5-4.5(b)(2), to fund the payments to be made under clause (B) of STEP FIVE of IC 12-15-15-1.5(b).

(vi) To fund, in an order of priority determined by the office to best use the available non-federal share, the programs listed in clause (H).

(E) For state fiscal years ending after June 30, 2007, the total amount of intergovernmental transfers used to fund the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5 shall not exceed the amount provided in clause (G)(ii).

(F) As provided in clause (D), for the following:

(i) Each state fiscal year ending after June 30, 2003, but before July 1, 2005, an amount equal to the amount calculated under STEP THREE of the following formula shall be transferred to the office:

STEP ONE: Calculate the product of thirty-five million dollars ($35,000,000) multiplied by the federal medical assistance percentage for federal fiscal year 2003.

STEP TWO: Calculate the sum of the amounts, if any, reasonably estimated by the office to be transferred or otherwise made available to the office for the state fiscal year, and the amounts, if any, actually transferred or otherwise made available to the office for the state fiscal year, under arrangements whereby the office and a hospital licensed under IC 16-21-2 agree that an amount transferred or otherwise made available to the office by the hospital or on behalf of the hospital shall be included in the calculation under this STEP.

STEP THREE: Calculate the amount by which the product calculated under STEP ONE exceeds the sum calculated under STEP TWO.

(ii) The state fiscal years ending after June 30, 2005, but before July 1, 2007, an amount equal to thirty million dollars ($30,000,000) shall be transferred to the office.

(G) Subject to IC 12-15-20.7-2(b), for each state fiscal year ending after June 30, 2007, the total amount in the Medicaid indigent care trust fund, including the amount of intergovernmental transfers of funds transferred, and the amounts of certifications of expenditures eligible for federal financial participation deemed to be transferred, to the Medicaid indigent care trust fund, shall be used to fund the following:

(i) Thirty million dollars ($30,000,000) transferred to the office for the Medicaid budget.

(ii) An amount not to exceed the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5.

(iii) An amount not to exceed the non-federal share of payments to hospitals made under IC 12-15-15-1.1 and IC 12-15-15-1.3.

(iv) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-8.

(v) An amount not to exceed the non-federal share of payments to hospitals under clause (A) of STEP FIVE of IC 12-15-15-1.5(c).

(vi) An amount not to exceed the non-federal share of Medicaid safety-net payments.

(vii) An amount not to exceed the non-federal share of payments to hospitals made under clauses (C) or (D) of STEP FIVE of IC 12-15-15-1.5(c).

(viii) An amount not to exceed the non-federal share of payments to hospitals made under

clause (F) of STEP FIVE of IC 12-15-15-1.5(c).

(ix) An amount not to exceed the non-federal share of disproportionate share payments to hospitals under IC 12-15-19-2.1.

(x) If additional funds are available after making payments under items (i) through (ix), to fund other Medicaid supplemental payments for hospitals approved by the office and included in the Medicaid state plan.

Items (ii) through (x) do not apply during the period that the office is collecting a hospital assessment from a hospital.

(H) **This clause does not apply during the period that the office is collecting a hospital assessment from a hospital.** For purposes of clause (D)(vi), the office shall fund the following:

(i) An amount equal to the non-federal share of the payments to the hospital that is eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments and any payment made under IC 12-15-19-2.1. The amount of the payments to the hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2005, when the payments are combined with payments made under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998, the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004, and the hospital merged two (2) hospitals under a single Medicaid provider number, effective January 1, 2004.

(ii) An amount equal to the non-federal share of payments to hospitals that are eligible under this item, for payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office, Medicaid safety-net payments, and any payment made under IC 12-15-19-2.1. The amount of payments to each hospital under this item shall be equal to one hundred percent (100%) of the hospital's hospital-specific limit for state fiscal year 2004, when the payments are combined with payments made to the hospital under IC 12-15-15-9, IC 12-15-15-9.5, and clause (B) of STEP FIVE of IC 12-15-15-1.5(b) for a state fiscal year. A hospital is eligible under this item if the hospital did not receive a payment under item (i), the hospital has less than sixty thousand (60,000) Medicaid inpatient days annually, the hospital either was eligible for Medicaid disproportionate share hospital payments for the state fiscal year ending June 30, 1998 or the hospital met the office's Medicaid disproportionate share payment criteria based on state fiscal year 1998 data and received a Medicaid disproportionate share payment for the state fiscal year ending June 30, 2001, and the hospital received a Medicaid disproportionate share payment under IC 12-15-19-2.1 for state fiscal years 2001, 2002, 2003, and 2004.

(iii) Subject to IC 12-15-19-6, an amount not less than the non-federal share of Medicaid safety-net payments in accordance with the Medicaid state plan.

(iv) An amount not less than the non-federal share of payments made under clause (C) of STEP FIVE of IC 12-15-15-1.5(b) under an agreement with the office to a hospital having sixty thousand (60,000) Medicaid inpatient days annually.

(v) An amount not less than the non-federal share of Medicaid disproportionate share payments for hospitals eligible under this item, and made under IC 12-15-19-6 and the approved Medicaid state plan. A hospital is eligible for a payment under this item if the hospital is eligible for payments under IC 12-15-19-2.1.

(vi) If additional funds remain after the payments made under (i) through (v), payments approved by the office and under the Medicaid state plan, to fund the non-federal share of other Medicaid supplemental payments for hospitals.

SECTION 133. IC 12-15-20.7-2, AS AMENDED BY P.L.218-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) **This section does not apply during the period that the office is collecting a hospital assessment from a hospital.** For each state fiscal year ending before July 1, 2005, and subject to section 3 of this chapter, the office shall make the payments identified in this section in the following order:

(1) First, payments under IC 12-15-15-9 and IC 12-15-15-9.5.

(2) Second, payments under clauses (A) and (B) of STEP FIVE of IC 12-15-15-1.5(b).

(3) Third, Medicaid inpatient payments for safety-net hospitals and Medicaid outpatient payments for safety-net hospitals.

(4) Fourth, payments under IC 12-15-15-1.1 and 12-15-15-1.3.

(5) Fifth, payments under IC 12-15-19-8 for municipal disproportionate share hospitals.

(6) Sixth, payments under IC 12-15-19-2.1 for disproportionate share hospitals.

(7) Seventh, payments under clause (C) of STEP FIVE of IC 12-15-15-1.5(b).

(b) For each state fiscal year ending after June 30, 2007, the office shall make the payments for the programs identified in IC 12-15-20-2(8)(G) in the order of priority that best utilizes available non-federal share, Medicaid supplemental payments, and Medicaid disproportionate share payments, and may change the order or priority at any time as necessary for the proper administration of one (1) or more of the payment programs listed in IC 12-15-20-2(8)(G).

SECTION 134. IC 12-15-23-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. **(a)** If the **office of the secretary of family and social services or** administrator **of the office** determines that a provider has received payments the provider is not entitled to, the administrator may enter into an agreement with the provider stating that the amount of the overpayment shall be deducted from subsequent payments to the provider.

(b) If the office of the secretary of family and social services or the administrator of the office and the provider cannot come to an agreement within sixty (60) days after it is determined that a provider has received payments that the provider is not entitled to, the administrator may recoup the amount of overpayment to the provider claimed by the state from subsequent payments to the provider.

SECTION 135. IC 12-15-35-28, AS AMENDED BY P.L.101-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 28. (a) The board has the following duties:

(1) The adoption of rules to carry out this chapter, in accordance with the provisions of IC 4-22-2 and subject to any office approval that is required by the federal Omnibus Budget Reconciliation Act of 1990 under Public Law 101-508 and its implementing regulations.

(2) The implementation of a Medicaid retrospective and prospective DUR program as outlined in this chapter, including the approval of software programs to be used by the pharmacist for prospective DUR and recommendations concerning the provisions of the contractual agreement between the state and any other entity that will be processing and reviewing Medicaid drug claims and profiles for the DUR program under this chapter.

(3) The development and application of the predetermined criteria and standards for appropriate prescribing to be used in retrospective and prospective DUR to ensure that such criteria and standards for appropriate prescribing are based on the compendia and developed with professional input with provisions for timely revisions and assessments as necessary.

(4) The development, selection, application, and assessment of interventions for physicians, pharmacists, and patients that are educational and not punitive in nature.

(5) The publication of an annual report that must be subject to public comment before issuance to the federal Department of Health and Human Services and to the Indiana legislative council by December 1 of each year. The report issued to the legislative council must be in an electronic format under IC 5-14-6.

(6) The development of a working agreement for the board to clarify the areas of responsibility with

related boards or agencies, including the following:
(A) The Indiana board of pharmacy.
(B) The medical licensing board of Indiana.
(C) The SURS staff.
(7) The establishment of a grievance and appeals process for physicians or pharmacists under this chapter.
(8) The publication and dissemination of educational information to physicians and pharmacists regarding the board and the DUR program, including information on the following:
(A) Identifying and reducing the frequency of patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and recipients.
(B) Potential or actual severe or adverse reactions to drugs.
(C) Therapeutic appropriateness.
(D) Overutilization or underutilization.
(E) Appropriate use of generic drugs.
(F) Therapeutic duplication.
(G) Drug-disease contraindications.
(H) Drug-drug interactions.
(I) Incorrect drug dosage and duration of drug treatment.
(J) Drug allergy interactions.
(K) Clinical abuse and misuse.
(9) The adoption and implementation of procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the DUR program that identifies individual physicians, pharmacists, or recipients.
(10) The implementation of additional drug utilization review with respect to drugs dispensed to residents of nursing facilities shall not be required if the nursing facility is in compliance with the drug regimen procedures under 410 IAC 16.2-3.1 and 42 CFR 483.60.
(11) The research, development, and approval of a preferred drug list for:
(A) Medicaid's fee for service program;
(B) Medicaid's primary care case management program;
(C) Medicaid's risk based managed care program, if the office provides a prescription drug benefit and subject to IC 12-15-5; and
(D) the children's health insurance program under IC 12-17.6;
in consultation with the therapeutics committee.
(12) The approval of the review and maintenance of the preferred drug list at least two (2) times per year.
(13) The preparation and submission of a report concerning the preferred drug list at least two (2) times per year to the select joint commission on Medicaid oversight established by IC 2-5-26-3.
(14) The collection of data reflecting prescribing patterns related to treatment of children diagnosed with attention deficit disorder or attention deficit hyperactivity disorder.
(15) Advising the Indiana comprehensive health insurance association established by IC 27-8-10-2.1 concerning implementation of chronic disease management and pharmaceutical management programs under IC 27-8-10-3.5.
(b) The board shall use the clinical expertise of the therapeutics committee in developing a preferred drug list. The board shall also consider expert testimony in the development of a preferred drug list.
(c) In researching and developing a preferred drug list under subsection (a)(11), the board shall do the following:
(1) Use literature abstracting technology.
(2) Use commonly accepted guidance principles of disease management.
(3) Develop therapeutic classifications for the preferred drug list.

(4) Give primary consideration to the clinical efficacy or appropriateness of a particular drug in treating a specific medical condition.

(5) Include in any cost effectiveness considerations the cost implications of other components of the state's Medicaid program and other state funded programs.

~~(d) Prior authorization is required for coverage under a program described in subsection (a)(11) of a drug that is not included on the preferred drug list.~~

~~(c)~~ **(d)** The board shall determine whether to include a single source covered outpatient drug that is newly approved by the federal Food and Drug Administration on the preferred drug list not later than sixty (60) days after the date on which the manufacturer notifies the board in writing of the drug's approval. However, if the board determines that there is inadequate information about the drug available to the board to make a determination, the board may have an additional sixty (60) days to make a determination from the date that the board receives adequate information to perform the board's review. Prior authorization may not be automatically required for a single source drug that is newly approved by the federal Food and Drug Administration, and that is:

(1) in a therapeutic classification:

(A) that has not been reviewed by the board; and

(B) for which prior authorization is not required; or

(2) the sole drug in a new therapeutic classification that has not been reviewed by the board.

~~(f)~~ **(e)** The board may not exclude a drug from the preferred drug list based solely on price.

~~(g)~~ **(f)** The following requirements apply to a preferred drug list developed under subsection (a)(11):

(1) ~~Except as provided by~~ **In accordance with** IC 12-15-35.5-3(b), ~~and IC 12-15-35.5-3(c),~~ the office or the board may require prior authorization for a drug that is included on the preferred drug list under the following circumstances:

(A) To override a prospective drug utilization review alert.

(B) To permit reimbursement for a medically necessary brand name drug that is subject to generic substitution under IC 16-42-22-10.

(C) To prevent fraud, abuse, waste, overutilization, or inappropriate utilization.

(D) To permit implementation of a disease management program.

(E) To implement other initiatives permitted by state or federal law.

(2) All drugs described in IC 12-15-35.5-3(b) ~~must be included on the preferred drug list.~~ **may be considered:**

(A) preferred or nonpreferred; or

(B) not subject to the preferred drug list (PDL) process.

(3) The office may add a drug that has been approved by the federal Food and Drug Administration to the preferred drug list without prior approval from the board.

(4) The board may add a drug that has been approved by the federal Food and Drug Administration to the preferred drug list.

(5) A psychiatrist licensed under IC 25-22.5 may not be required to obtain prior authorization for a mental health prescription drug that is defined as a drug product on the antianxiety, antidepressant, antipsychotic, and cross-indicated drugs (AAAX) medications list unless the requirement for prior authorization is a result of quality or utilization edits proposed by the mental health quality advisory committee and approved by the drug utilization review board.

(6) Beginning July 1, 2011, the office may authorize the continuation of current therapy for a Medicaid recipient who:

(A) was enrolled in the Medicaid program before July 1, 2011;

(B) maintains continuous eligibility in the Medicaid program; and

(C) has been prescribed and is taking mental health drugs since before July 1, 2011, without interruption;

according to criteria determined by the office, with guidance from the therapeutics committee

and the drug utilization review board, under the preferred drug list review process. The criteria must allow a continuance of existing mental health drug therapies for a period of at least three (3) months to allow a prescriber or recipient time to adjust pharmacotherapy regimens. During the three (3) month time frame, a prescriber may submit and establish documentation of medical necessity for prescribing that falls outside the criteria established through the preferred drug list review process.

~~(h)~~ **(g)** At least two (2) times each year, the board shall provide a report to the select joint commission on Medicaid oversight established by IC 2-5-26-3. The report must contain the following information:

(1) The cost of administering the preferred drug list.

(2) Any increase in Medicaid physician, laboratory, or hospital costs or in other state funded programs as a result of the preferred drug list.

(3) The impact of the preferred drug list on the ability of a Medicaid recipient to obtain prescription drugs.

(4) The number of times prior authorization was requested, and the number of times prior authorization was:

(A) approved; and

(B) disapproved.

~~(i)~~ **(h)** The board shall provide the first report required under subsection ~~(h)~~ **(g)** not later than six (6) months after the board submits an initial preferred drug list to the office.

SECTION 136. IC 12-15-35-28.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 28.7. (a) The board shall submit the initial approved preferred drug list to the office not later than August 1, 2002.

(b) Except as permitted under subsection (g), the office may not further restrict the status of a drug in the Medicaid program or the children's health insurance program until the board reviews a therapeutic classification and the office implements the therapeutic classification on the preferred drug list.

(c) The office shall provide advance notice to providers of the contents of the preferred drug list submitted by the board under subsection (a).

(d) Notwithstanding IC 12-15-13-6, the office shall implement any change in the preferred drug list not later than thirty (30) days after the date the board submits the amended list to the office.

(e) Except as provided by section ~~28(g)(3)~~ **28(f)(3)** of this chapter, the office may not implement a preferred drug list or an amendment to the preferred drug list that has not been approved by the board.

(f) The office may not require prior authorization for a drug that is excluded from the preferred drug list unless the board has made the determinations required under section 35 of this chapter.

(g) The office may adopt rules under IC 4-22-2 necessary to carry out this chapter.

SECTION 137. IC 12-15-35.5-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2.5. As used in this chapter, "unrestricted access" means the ability of a recipient to obtain a prescribed drug without being subject to limits or preferences imposed by the office or the board ~~for the purpose of cost savings~~ except as provided under section 7 of this chapter.

SECTION 138. IC 12-15-35.5-7, AS AMENDED BY P.L.36-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) Subject to subsections (b) and (c), the office may place limits on quantities dispensed or the frequency of refills for any covered drug **as required by law or** for the purpose of:

(1) preventing fraud, abuse, or waste;

(2) preventing overutilization, inappropriate utilization, or inappropriate prescription practices that are contrary to:

(A) clinical quality and patient safety; and

(B) accepted clinical practice for the diagnosis and treatment of mental illness **and the considerations specified in subsection (h);** or

(3) implementing a disease management program.

(b) Before implementing a limit described in subsection (a), the office shall:

(1) consider quality of care and the best interests of Medicaid recipients;

(2) seek the advice of the drug utilization review board, established by IC 12-15-35-19, at a public meeting of the board; and

(3) publish a provider bulletin that complies with the requirements of IC 12-15-13-6.

(c) Subject to subsection (d), the board may establish and the office may implement a restriction on a drug described in section 3(b) of this chapter if:

(1) the board determines that data provided by the office indicates that a situation described in IC 12-15-35-28(a)(8)(A) through IC 12-15-35-28(a)(8)(K) requires an intervention to:

(A) prevent fraud, abuse, or waste;

(B) prevent overutilization, inappropriate utilization, or inappropriate prescription practices that are contrary to:

(i) clinical quality and patient safety; and

(ii) accepted clinical practice for the diagnosis and treatment of mental illness; or

(C) implement a disease management program; and

(2) the board approves and the office implements an educational intervention program for providers to address the situation.

(d) A restriction established under subsection (c) for any drug described in section 3(b) of this chapter:

(1) must comply with the procedures described in IC 12-15-35-35;

(2) may include requiring a recipient to be assigned to one (1) practitioner and one (1) pharmacy provider for purposes of receiving mental health medications;

(3) may not lessen the quality of care; and

(4) must be in the best interest of Medicaid recipients.

(e) Implementation of a restriction established under subsection (c) must provide for the dispensing of a temporary supply of the drug for a prescription not to exceed seven (7) business days, if additional time is required to review the request for override of the restriction. This subsection does not apply if the federal Food and Drug Administration has issued a boxed warning under 21 CFR 201.57(e) that applies to the drug and is applicable to the patient.

(f) Before implementing a restriction established under subsection (c), the office shall:

(1) seek the advice of the mental health Medicaid quality advisory committee established by IC 12-15-35-51; and

(2) publish a provider bulletin that complies with the requirements of IC 12-15-13-6.

(g) Subsections (c) through (f):

(1) apply only to drugs described in section 3(b) of this chapter; and

(2) do not apply to a restriction on a drug described in section 3(b) of this chapter that was approved by the board and implemented by the office before April 1, 2003.

(h) Restrictions referred to in subsection (c) to prevent overutilization, inappropriate utilization, or inappropriate prescription practices that are contrary to accepted clinical practices may include the implementation of the following:

(1) Encouraging dosages that enhance recipient adherence to a drug regimen.

(2) Encouraging monotherapy with limitations on the number of drugs from a specific drug class that a recipient may be taking at any one (1) time when there is no documentation of the severity and intensity of the target symptoms.

(3) Limiting the total number of scheduled psychiatric medications that a recipient may be taking at any one (1) time, when such limit is based on:

(A) established best practices; or

(B) guidelines implemented by the division of mental health and addiction for mental health state operated facilities.

(4) Encouraging, in accordance with IC 16-42-22-10, generic substitution when such a

substitution would result in a net cost savings to the Medicaid program.

(i) Restrictions under subsection (h) may be overridden through the prior authorization review process in cases in which the prescriber demonstrates medical necessity for the prescribed medication.

SECTION 139. IC 12-15-45 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 45. Medicaid Waivers

Sec. 1. (a) As used in this section, "division" refers to the division of rehabilitative services.

(b) As used in this section, "waiver" refers to the federal Medicaid developmental disabilities home and community based services waiver program that is administered by the office and the division.

(c) Before July 1, 2013, the division shall reduce the aggregate and per capita cost of the waiver by implementing changes to the waiver that may include the following:

(1) Calculating budget neutrality on an individual rather than an aggregate basis.

(2) Instituting a family care program to provide recipients with another option for receiving services.

(3) Evaluating the current system to determine whether a group home or a waiver home is the most appropriate use of resources for placement of the individual.

(4) Evaluating alternative placements for high cost individuals to ensure individuals are served in the most integrated setting appropriate to the individual's needs and within the resources available to the state.

(5) Migrating individuals from the waiver to a redesigned waiver that provides options to individuals for receiving services and supports appropriate to meet the individual's needs and that are cost effective, high quality, and focus on social and health outcomes.

(6) Counting a parent of a dependent applicant's income in determining whether the applicant is eligible for the waiver.

(d) The division shall consult with the office and take any action necessary to carry out the requirements of this section, including applying to the federal Department of Health and Human Services for approval to amend the waiver.

Sec. 2. (a) As used in this section, "waivers" refers to any federal Medicaid waivers administered by the office.

(b) The office shall apply to the federal Department of Health and Human Services for approval to amend a waiver to allow the office to count a parent of a dependent applicant's income in determining whether the applicant is eligible for a waiver.

SECTION 140. IC 12-17.6-3-2, AS AMENDED BY P.L.117-2008, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) To be eligible to enroll in the program, a child must meet the following requirements:

(1) The child is less than nineteen (19) years of age.

(2) The child is a member of a family with an annual income of:

(A) more than one hundred fifty percent (150%); and

(B) not more than:

(i) ~~three~~ **two** hundred **fifty** percent ~~(300%),~~ **(250%);** or

(ii) the maximum percentage approved by the federal Centers for Medicare and Medicaid Services if the approved amount is less than ~~three~~ **two** hundred **fifty** percent ~~(300%),~~ **(250%);** of the federal income poverty level.

(3) The child is a resident of Indiana.

(4) The child meets all eligibility requirements under Title XXI of the federal Social Security Act.

(5) The child's family agrees to pay any cost sharing amounts required by the office.

(b) The office may adjust eligibility requirements based on available program resources under rules

adopted under IC 4-22-2.

SECTION 141. IC 12-24-1-3, AS AMENDED BY P.L.141-2006, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The director of the division of mental health and addiction has administrative control of and responsibility for the following state institutions:

(1) Evansville State Hospital.
(2) Evansville State Psychiatric Treatment Center for Children.
(3) Larue D. Carter Memorial Hospital.
(4) Logansport State Hospital.
(5) Madison State Hospital.
(6) Richmond State Hospital.
(7) Any other state owned or operated mental health institution.

(b) Subject to the approval of the director of the budget agency and the governor, the director of the division of mental health and addiction may contract for the management and clinical operation of ~~Larue D. Carter Memorial Hospital.~~ **any state institution.**

~~(c) The following applies only to the institutions described in subsection (a)(1) and (a)(2):~~

~~(1) Notwithstanding any other statute or policy, the division of mental health and addiction may not do the following after December 31, 2001, unless specifically authorized by a statute enacted by the general assembly:~~

~~(A) Terminate, in whole or in part, normal patient care or other operations at the facility.~~

~~(B) Reduce the staffing levels and classifications below those in effect at the facility on January 1, 2002.~~

~~(C) Terminate the employment of an employee of the facility except in accordance with IC 4-15-2.~~

~~(2) The division of mental health and addiction shall fill a vacancy created by a termination described in subdivision (1)(C) so that the staffing levels at the facility are not reduced below the staffing levels in effect on January 1, 2002.~~

~~(3) Notwithstanding any other statute or policy, the division of mental health and addiction may not remove, transfer, or discharge any patient at the facility unless the removal, transfer, or discharge is in the patient's best interest and is approved by:~~

~~(A) the patient or the patient's parent or guardian;~~

~~(B) the individual's gatekeeper; and~~

~~(C) the patient's attending physician.~~

~~(d) The Evansville State Psychiatric Treatment Center for Children shall remain independent of Evansville State Hospital and the southwestern Indiana community mental health center, and the Evansville State Psychiatric Treatment Center for Children shall continue to function autonomously unless a change in administration is specifically authorized by an enactment of the general assembly.~~

SECTION 142. IC 12-28-5-10, AS AMENDED BY P.L.99-2007, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. ~~In conjunction with the~~ **The** division ~~of disability and rehabilitative services, the council~~ shall do the following:

(1) Determine the current and projected needs of each geographic area of Indiana for residential services for individuals with a developmental disability **and, beginning July 1, 2012, annually report the findings to the division of disability and rehabilitative services advisory council established by IC 12-9-4-2.**

(2) Determine how the provision of developmental or vocational services for residents in these geographic areas affects the availability of developmental or vocational services to individuals with a developmental disability living in their own homes **and, beginning July 1, 2012, report the findings to the division of disability and rehabilitative services advisory council established by IC 12-9-4-2.**

(3) Develop standards for licensure of supervised group living facilities regarding the following:

(A) A sanitary and safe environment for residents and employees.

(B) Classification of supervised group living facilities.

(C) Any other matters that will ensure that the residents will receive a residential environment.

(4) Develop standards for the approval of entities providing supported living services.

~~(5) Recommend social and habilitation programs to the Indiana health facilities council for individuals with a developmental disability who reside in health facilities licensed under IC 16-28.~~

~~(6) Develop and update semiannually a report that identifies the numbers of individuals with a developmental disability who live in health facilities licensed under IC 16-28. The Indiana health facilities council shall assist in developing and updating this report.~~

SECTION 143. IC 12-28-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. (a) A supervised group living facility must have a license or provisional license issued under this chapter to operate.

(b) An entity that provides supported living services must be approved by the ~~council~~ **division** under this chapter to operate.

SECTION 144. IC 12-28-5-12, AS AMENDED BY P.L.99-2007, SECTION 148, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. (a) The ~~council~~ **division** may license only those supervised group living facilities that:

(1) meet the standards established under section 10 of this chapter; and

(2) are necessary to provide adequate services to individuals with a developmental disability in that geographic area.

~~(b) A supervised group living facility described in subsection (c) may locate in only one (1) of the following counties:~~

~~(1) A county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand two hundred (27,200).~~

~~(2) A county having a population of more than one hundred seventy thousand (170,000) but less than one hundred eighty thousand (180,000).~~

~~(3) A county having a population of more than fifty thousand (50,000) but less than fifty-five thousand (55,000).~~

~~(c)~~ **(b)** Notwithstanding 431 IAC 1.1-3-7(c) and 431 IAC 1.1-3-7(d), the ~~council~~ **division** shall license one (1) supervised group living facility that is located less than one thousand (1,000) feet from another supervised group living facility or a sheltered workshop under the following conditions:

(1) Both of the supervised group living facilities meet all standards for licensure as provided in section 10(3) of this chapter.

(2) Both of the supervised group living facilities are built on land that is owned by one (1) private entity.

(3) The ~~community formed by the~~ supervised group living facilities provides job opportunities for residents of the supervised group living facilities, **as appropriate.**

~~(d)~~ **(c)** The ~~council~~ **division** may approve an entity to provide supported living services only if the entity meets the standards established under section 10 of this chapter.

SECTION 145. IC 12-28-5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. The ~~council~~ **division** may revoke:

(1) the license of a supervised group living facility; or

(2) the approval of an entity that provides supported living services;

that no longer meets the standards established under section 10 of this chapter after following the procedures prescribed by IC 4-21.5-3. If a hearing is provided for or authorized to be held by the ~~council,~~ **division,** the ~~council~~ **division** may designate a person as its agent or representative to conduct a hearing. The agent or representative shall conduct the hearing under IC 4-21.5-3.

SECTION 146. IC 12-28-5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,

2011]: Sec. 14. (a) The ~~council~~ **division** may issue a provisional license to a facility that does not qualify for a license under section 12 of this chapter but that provides satisfactory evidence that the facility will qualify within a period prescribed by the ~~council.~~ **division.** The period may not exceed six (6) months.

(b) The ~~council~~ **division** may issue provisional approval to an entity providing supported living services that does not qualify for approval under section 12 of this chapter but that provides satisfactory evidence that the entity will qualify within a period prescribed by the ~~council.~~ **division.** The period may not exceed six (6) months.

SECTION 147. IC 12-28-5-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 19. **(a)** The ~~council~~ **division** may adopt rules under IC 4-22-2 to implement this chapter.

(b) After June 30, 2011, rules of the former community residential facilities council (repealed) are considered rules of the division.

SECTION 148. IC 16-18-2-67 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 67. **(a) "Comprehensive care bed", for purposes of IC 16-28-16, has the meaning set forth in IC 16-28-16-2.**

(b) "Comprehensive care bed", for purposes of IC 16-29-2, has the meaning set forth in IC 16-29-2-1.

SECTION 149. IC 16-18-2-69.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 69.3. "Continuing care retirement community", for purposes of IC 16-28-15, has the meaning set forth in IC 16-28-15-2.**

SECTION 150. IC 16-18-2-167, AS AMENDED BY P.L.99-2007, SECTION 153, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 167. (a) "Health facility":

(1) except for purposes of IC 16-28-15, means a building, a structure, an institution, or other place for the reception, accommodation, board, care, or treatment extending beyond a continuous twenty-four (24) hour period in a week of more than four (4) individuals who need or desire such services because of physical or mental illness, infirmity, or impairment; **and**

(2) for purposes of IC 16-28-15, has the meaning set forth in IC 16-28-15-3.

(b) The term does not include the premises used for the reception, accommodation, board, care, or treatment in a household or family, for compensation, of a person related by blood to the head of the household or family (or to the spouse of the head of the household or family) within the degree of consanguinity of first cousins.

(c) The term does not include any of the following:

(1) Hotels, motels, or mobile homes when used as such.

(2) Hospitals or mental hospitals, except for that part of a hospital that provides long term care services and functions as a health facility, in which case that part of the hospital is licensed under IC 16-21-2, but in all other respects is subject to IC 16-28.

(3) Hospices that furnish inpatient care and are licensed under IC 16-25-3.

(4) Institutions operated by the federal government.

(5) Foster family homes or day care centers.

(6) Schools for individuals who are deaf or blind.

(7) Day schools for individuals with mental retardation.

(8) Day care centers.

(9) Children's homes and child placement agencies.

(10) Offices of practitioners of the healing arts.

(11) Any institution in which health care services and private duty nursing services are provided that is listed and certified by the Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc.

(12) Industrial clinics providing only emergency medical services or first aid for employees.

(13) A residential facility (as defined in IC 12-7-2-165).

(14) Maternity homes.

(15) Offices of Christian Science practitioners.

SECTION 151. IC 16-18-2-253.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 253.7. "Nursing facility", for purposes of IC 16-28-15, has the meaning set forth in IC 16-28-15-4.**

SECTION 152. IC 16-18-2-254.5, AS AMENDED BY P.L.38-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 254.5. (a) "Office", for purposes of IC 16-19-13, refers to the office of women's health established by IC 16-19-13-2.

(b) "Office", for purposes of IC 16-19-14, refers to the office of minority health established by IC 16-19-14-4.

(c) "Office", for purposes of IC 16-28-15, has the meaning set forth in IC 16-28-15-5.

SECTION 153. IC 16-18-2-316.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 316.5. "Replacement bed", for purposes of IC 16-28-16, has the meaning set forth in IC 16-28-16-3.**

SECTION 154. IC 16-18-2-331.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 331.9. "Small house health facility", for purposes of IC 16-28-16 and IC 16-29-6, has the meaning set forth in IC 16-29-6-1.**

SECTION 155. IC 16-28-15 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 15. Health Facility Quality Assessment Fee

Sec. 1. The imposition of a quality assessment fee under this chapter occurs after June 30, 2011.

Sec. 2. As used in this chapter, "continuing care retirement community" means a health care facility that:

(1) provides independent living services and health facility services in a campus setting with common areas;

(2) holds continuing care agreements with at least twenty-five percent (25%) of its residents (as defined in IC 23-2-4-1);

(3) uses the money from the agreements described in subdivision (2) to provide services to the resident before the resident may be eligible for Medicaid under IC 12-15; and

(4) meets the requirements of IC 23-2-4.

Sec. 3. As used in this chapter, "health facility" refers to a health facility that is licensed under this article as a comprehensive care facility.

Sec. 4. As used in this chapter, "nursing facility" means a health facility that is certified for participation in the federal Medicaid program under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

Sec. 5. As used in this chapter, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

Sec. 6. (a) Effective July 1, 2011, the office shall collect a quality assessment fee from each health facility.

(b) The quality assessment fee must apply to all non-Medicare patient days of the health facility. The office shall determine the quality assessment rate per non-Medicare patient day in a manner that collects the maximum amount permitted by federal law as of July 1, 2011, and October 1, 2011, based on the latest nursing facility financial reports and nursing facility quality assessment data collection forms as of July 28, 2010.

(c) The office shall offset the collection of the assessment fee for a health facility:

(1) against a Medicaid payment to the health facility;

(2) against a Medicaid payment to another health facility that is related to the health facility through common ownership or control; or

(3) in another manner determined by the office.

Sec. 7. The office shall implement the waiver approved by the United States Centers for

Medicare and Medicaid Services under 42 CFR 433.68(e)(2) that provides for the following:

(1) Nonuniform quality assessment fee rates.

(2) An exemption from collection of a quality assessment fee from the following:

(A) A continuing care retirement community as follows:

(i) A continuing care retirement community that was registered with the securities commissioner as a continuing care retirement community on January 1, 2007, is not required to meet the definition of a continuing care retirement community in section 2 of this chapter.

(ii) A continuing care retirement community that, for the period January 1, 2007, through June 30, 2009, operated independent living units, at least twenty-five percent (25%) of which are provided under contracts that require the payment of a minimum entrance fee of at least twenty-five thousand dollars ($25,000).

(iii) An organization registered under IC 23-2-4 before July 1, 2009, that provides housing in an independent living unit for a religious order.

(iv) A continuing care retirement community that meets the definition set forth in section 2 of this chapter.

(B) A hospital based health facility.

(C) The Indiana Veterans' Home.

Any revision to the state plan amendment or waiver request under this section is subject to and must comply with this chapter.

Sec. 8. (a) The money collected from the quality assessment fee during the first year following the enactment may be used only as follows:

(1) Sixty-seven and one-tenth percent (67.1%) to pay the state's share of costs for Medicaid nursing facility services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(2) One and nine-tenths percent (1.9%) to pay the state's share of costs for Medicaid aged and disabled waiver services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(3) Seventeen and four-tenths percent (17.4%) to pay the state's share of costs for other Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(4) Four and five-tenths percent (4.5%) to be deposited in the office's Medicaid administration fund.

(5) Nine and one-tenth percent (9.1%) to pay prior year state nursing facility expenditures.

(b) The money collected from the quality assessment fee during the second year following enactment may be used only as follows:

(1) Sixty-six and five-tenths percent (66.5%) to pay the state's share of costs for Medicaid nursing facility services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(2) One and nine-tenths percent (1.9%) to pay the state's share of costs for Medicaid aged and disabled waiver services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(3) Twenty percent (20%) to pay the state's share of costs for other Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(4) Seven and five-tenths percent (7.5%) to be deposited in the office's Medicaid administration fund.

(5) Four and one-tenth percent (4.1%) to pay prior year state nursing facility expenditures.

(c) The money collected from the quality assessment fee after the second year following enactment may be used only as follows:

(1) Seventy and six-tenths percent (70.6%) to pay the state's share of the costs for Medicaid

nursing facility services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(2) One and nine-tenths percent (1.9%) to pay the state's share of costs for Medicaid aged and disabled waiver services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(3) Twenty percent (20%) to pay the state's share of costs for other Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(4) Seven and five-tenths percent (7.5%) to be deposited in the office's Medicaid administration fund.

(d) Any increase in reimbursement for Medicaid nursing facility services resulting from maximizing the quality assessment rate under section 6(b) of this chapter shall be directed exclusively to initiatives determined by the office to promote and enhance improvements in quality of care to nursing facility residents.

(e) The office may establish a method to allow a health facility to enter into an agreement to pay the quality assessment fee collected under this chapter under an installment plan.

Sec. 9. If federal financial participation becomes unavailable to match money collected from the quality assessment fees for the purpose of enhancing reimbursement to nursing facilities for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.), the office shall cease collection of the quality assessment fee under this chapter.

Sec. 10. The office shall adopt rules under IC 4-22-2 necessary to implement this chapter.

Sec. 11. (a) If a health facility fails to pay the quality assessment fee under this chapter not later than ten (10) days after the date the payment is due, the health facility shall pay interest on the quality assessment fee at the same rate as determined under IC 12-15-21-3(6)(A).

(b) The office shall report to the state department each nursing facility and each health facility that either:

(1) fails to submit patient day information requested by the office to calculate the quality assessment fee; or

(2) fails to pay the quality assessment fee under this chapter;

not later than one hundred twenty (120) days after the patient day information is requested or payment of the quality assessment fee is due.

Sec. 12. (a) The state department shall do the following:

(1) Notify each nursing facility and each health facility reported under section 11 of this chapter that the nursing facility's license or health facility's license under IC 16-28 will be revoked if the patient day information is not submitted or the quality assessment fee is not paid.

(2) Revoke the nursing facility's license or health facility's license under IC 16-28 if the nursing facility or the health facility fails to submit the patient day information or fails to pay the quality assessment fee.

(b) An action taken under subsection (a)(2) is governed by:

(1) IC 4-21.5-3-8; or

(2) IC 4-21.5-4.

Sec. 13. The select joint commission on Medicaid oversight established by IC 2-5-26-3 shall review:

(1) the implementation of this chapter; and

(2) any proposed changes by the office in Medicaid health facility reimbursement before the implementation of the proposed reimbursement change.

Sec. 14. This chapter expires June 30, 2014.

SECTION 156. IC 16-28-16 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 16. Moratorium on Medicaid Certification of Comprehensive Care Beds

Sec. 1. This chapter does not apply to the conversion of acute care beds to comprehensive care beds under IC 16-29-3.

Sec. 2. As used in this chapter, "comprehensive care bed" means a bed that:

(1) is licensed or is to be licensed under IC 16-28-2;

(2) functions as a bed licensed under IC 16-28-2; or

(3) is subject to this article.

The term does not include a comprehensive care bed that will be used solely to provide specialized services and that is subject to IC 16-29.

Sec. 3. As used in this chapter, "replacement bed" means a comprehensive care bed that is relocated to a health facility that is licensed or is to be licensed under this article. This term includes comprehensive care beds that are certified for participation in:

(1) the state Medicaid program; or

(2) both the state Medicaid program and federal Medicare program.

Sec. 4. (a) Except as provided in subsection (b), the state department may not approve the certification of new or converted comprehensive care beds for participation in the state Medicaid program unless the statewide comprehensive care bed occupancy rate is more than ninety-five percent (95%), as calculated annually on January 1 by the state department of health.

(b) This section does not apply to the following:

(1) A comprehensive care health facility that:

(A) seeks a replacement bed exception;

(B) is licensed or is to be licensed under this article;

(C) applies to the state department of health to certify a comprehensive care bed for participation in the Medicaid program if the comprehensive care bed for which the health facility is seeking certification is a replacement bed for an existing comprehensive care bed;

(D) applies to the division of aging in the manner:

(i) described in subsection (c); and

(ii) prescribed by the division; and

(E) meets the licensure, survey, and certification requirements of this article.

(2) A small house health facility approved under section 6 of this chapter.

(c) An application made under subsection (b)(1) for a replacement bed exception must include the following:

(1) The total number and identification of the existing comprehensive care beds that the applicant requests be replaced by health facility location and by provider.

(2) If the replacement bed is being transferred to a different comprehensive care health facility with the same ownership, provide the division of aging with written verification from the health facility holding the comprehensive care bed certification that the health facility has agreed to transfer the beds to the applicant health facility.

(3) If the replacement bed is being transferred to a different comprehensive care health facility under different ownership, provide the division of aging with a copy of the complete agreement between the comprehensive care health facility transferring the beds and the applicant comprehensive care health facility.

(4) Any other information requested by the division of aging that is necessary to evaluate the transaction.

Sec. 5. Except in the case of an emergency or a disaster, Medicaid certification of an existing comprehensive care bed may not be transferred to a new location until the new facility is seeking certification of the bed.

Sec. 6. (a) A person planning to construct a small house health facility shall apply to the state department for a license under this article.

(b) An applicant under this section, including an entity related to the applicant through common ownership or control, may apply to the state department for Medicaid certification of not more

than fifty (50) comprehensive care beds for small house health facilities per year.

(c) The state department may not approve certification of more than one hundred (100) new comprehensive care beds designated for small house health facilities per year.

(d) The state department shall approve an application for Medicaid certification for a small house health facility:

(1) in the order of the completed application date; and

(2) if the applicant meets the definition of a small house health facility and the requirements of this section.

(e) A person that fails to complete construction and begin operation of a small house comprehensive care health facility within twelve (12) months after the state department's approval of the application forfeits the person's right to the Medicaid certified comprehensive care beds approved by the state department if:

(1) another person has applied to the state department for approval of certified comprehensive care beds for participation in the state Medicaid program at least one (1) small house health facility; and

(2) the person's application was denied for the sole reason that the maximum number of Medicaid certified comprehensive care beds specified in subsection (c) had been approved for small house health facilities.

Sec. 7. This chapter expires June 30, 2014.

SECTION 157. IC 16-29-6 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 6. Comprehensive Care Health Facilities

Sec. 1. As used in this chapter, "small house health facility" means a freestanding, self-contained comprehensive care health facility that has the following characteristics:

(1) Has at least ten (10) and not more than twelve (12) private resident rooms in one (1) structure that has the appearance of a residential dwelling that is not more than eight thousand (8,000) square feet and includes the following:

(A) A fully accessible private bathroom for each resident room that includes a toilet, sink, and roll in shower with a seat.

(B) A common area living room seating area.

(C) An open full-sized kitchen where one hundred percent (100%) of the resident's meals are prepared.

(D) A dining room that has one (1) table large enough to seat each resident of the dwelling and at least two (2) staff members.

(E) Access to natural light in each habitable space.

(2) Does not include the following characteristics of an institutional setting:

(A) A nurse's station.

(B) Room numbering or other signs that would not be found in a residential setting.

(3) Provides self-directed care.

Sec. 2. (a) This chapter does not apply to the following:

(1) An entity that:

(A) is licensed or to be licensed under this article;

(B) has physically begun significant construction of the health facility before December 31, 2011; and

(C) meets the licensure and survey requirements of IC 16-28.

(2) A comprehensive care health facility that is licensed under IC 16-28-2 and is transferring or relocating an existing comprehensive care health facility bed to a county in which the occupancy rate is at least ninety percent (90%).

(3) A comprehensive care health facility that is licensed under IC 16-28-2 and is replacing existing licensed beds within the same county.

(4) A small house health facility.

(5) A continuing care retirement community (as defined in IC 16-28-15-2) that:

(A) seeks to add licensed beds to an existing licensed facility; or

(B) has executed at least fifty percent (50%) of the facility's continuing care agreements with individuals before December 31, 2011.

The state department shall make the final determination on whether an entity has physically begun significant construction of a comprehensive care health facility for purposes of subdivision (1)(B).

(b) If a replacement bed license is being transferred as described in subsection (a) to a different comprehensive care health facility with the same ownership, the comprehensive care health facility holding the comprehensive care bed license shall provide the state department with written verification that the health facility has agreed to transfer the beds to the applicant health facility.

(c) If a replacement bed license is being transferred as described in subsection (a) to a different comprehensive care health facility under different ownership, the comprehensive care health facility transferring the bed license shall provide the state department with a copy of the complete agreement between the comprehensive care health facility transferring the beds and the applicant comprehensive care health facility.

(d) Except in the case of an emergency or a disaster, licensure of an existing comprehensive care bed may not be transferred to a new location until the new facility is seeking licensure of the bed.

Sec. 3. The state department may not approve a new comprehensive care health facility license under IC 16-28-2 and an entity may not add or construct a comprehensive care health facility licensed or to be licensed under IC 16-28 unless the state department determines that there is a need for the health facility in the county by determining that the occupancy rate in health facilities for the county in which the health facility is located or is to be located is at a rate of at least ninety percent (90%).

Sec. 4. (a) A person planning to construct a small house health facility shall apply to the state department for approval.

(b) An applicant under this section, including an entity related to the applicant through common ownership or control, may apply for not more than fifty (50) comprehensive care beds for small house health facilities per year.

(c) The state department may not approve licensure of more than one hundred (100) new comprehensive care beds designated for small house health facilities per year.

(d) The state department shall approve an application for a small house health facility:

(1) in the order of the completed application date; and

(2) if the applicant meets the definition of a small house health facility and the requirements of this section.

(e) The state department may not approve an application for construction and operation of a small house health facility if the person meets any of the following:

(1) Has a record of operation of less than a full license.

(2) Has owned or operated a health facility that has had the health facility's license revoked, suspended, or denied.

(3) Has received a survey finding of substandard quality of care, immediate jeopardy, or actual harm.

(4) Has filed for bankruptcy, reorganization, or receivership.

(5) Was the subject of any of the following:

(A) License decertification.

(B) License termination.

(C) A finding of patient:

(i) abuse;

(ii) mistreatment; or

(iii) neglect.

(f) A person that fails to complete construction and begin operation of a small house comprehensive care health facility within twelve (12) months of the state department's approval of the application forfeits the person's right to the comprehensive care beds approved by the state department if:

(1) another person has applied to the state department for approval of at least (1) small house health facility; and

(2) the person's application was denied for the sole reason that the maximum number of comprehensive care beds specified in subsection (c) had been certified for small house health facilities.

Sec. 5. The state department may adopt rules under IC 4-22-2 to implement this chapter.

Sec. 6. This chapter expires June 30, 2014.

SECTION 158. IC 16-41-17-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) Subject to subsection ~~(c),~~ **(d),** every infant shall be given examinations at the earliest feasible time for the detection of the following disorders:

(1) Phenylketonuria.

(2) Hypothyroidism.

(3) Hemoglobinopathies, including sickle cell anemia.

(4) Galactosemia.

(5) Maple Syrup urine disease.

(6) Homocystinuria.

(7) Inborn errors of metabolism that result in mental retardation and that are designated by the state department.

(8) Congenital adrenal hyperplasia.

(9) Biotinidase deficiency.

(10) Disorders detected by tandem mass spectrometry or other technologies with the same or greater detection capabilities as tandem mass spectrometry, if the state department determines that the technology is available for use by a designated laboratory under section 7 of this chapter.

(b) Subject to subsection ~~(c),~~ **(d),** every infant shall be given a physiologic hearing screening examination at the earliest feasible time for the detection of hearing impairments.

(c) Beginning January 1, 2012, and subject to subsection (d), every infant shall be given a pulse oximetry screening examination at the earliest feasible time for the detection of low oxygen levels. Section 10(a)(2) of this chapter does not apply to this subsection.

~~(c)~~ **(d)** If a parent of an infant objects in writing, for reasons pertaining to religious beliefs only, the infant is exempt from the examinations required by this chapter.

SECTION 159. IC 16-47-1-5, AS AMENDED BY P.L.173-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) The ~~department~~ **following** shall participate in the program:

(1) The department, for a health benefit plan:

~~(1)~~ **(A)** described in section 2(1), 2(2), or 2(3) of this chapter; and

~~(2)~~ **(B)** that provides coverage for prescription drugs.

(2) After June 30, 2011, a state educational institution, for a health benefit plan:

(A) described in section 2(4) of this chapter; and

(B) that provides coverage for prescription drugs;

unless the budget agency determines that the state educational institution's participation in the program would not result in an overall financial benefit to the state educational institution. The budget agency may delay compliance with this subdivision to a date after July 1, 2011, that is determined by the budget agency to allow for the orderly transition from another program.

(b) The following may participate in the program:

(1) A state agency other than the department that:
(A) purchases prescription drugs; or
(B) arranges for the payment of the cost of prescription drugs.
(2) A local unit (as defined in IC 5-10-8-1).
(3) The Indiana comprehensive health insurance association established under IC 27-8-10.
~~(4) A state educational institution for a health benefit plan:~~
~~(A) described in section 2(4) of this chapter; and~~
~~(B) that provides coverage for prescription drugs.~~
(c) The state Medicaid program may not participate in the program under this chapter.
SECTION 160. IC 20-20-5.5-2, AS ADDED BY HEA 1429-2011, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011] Sec. 2. (a) The department shall evaluate curricular materials. The evaluation must include an evaluation of:
(1) the curricular materials' alignment to the academic standards adopted by the state board under IC 20-31-3-1; and
(2) the appropriateness of the reading level of the curricular materials.
(b) The department shall publish a report that describes the method used to conduct the evaluation required under subsection (a) and that contains the results of the evaluation. The report must:
(1) provide a list of each curricular material evaluated and a summary of the evaluation for each curricular material;
(2) be updated annually; and
(3) provide a listing and summary review for the curricular materials that are aligned to the academic standards adopted by the state board under IC 20-31-3-1 for the following subjects for each grade level:
(A) English/language arts, including spelling, literature, and handwriting.
(B) Reading.
(C) Mathematics.
(D) Science.
(E) Social studies.
(F) Miscellaneous.
(G) World languages.
(c) A governing body and superintendent may use the report under subsection (b) in complying with IC 20-26-12-24.
(d) To be included in the report under subsection (b), a publisher must provide the department a ~~written~~ **written,** exact, and standard statewide price for each curricular material.
(e) A publisher may request that an update to the publisher's curricular materials and corresponding prices replace the curricular materials set forth in the report under subsection (b).
SECTION 161. IC 20-20-5.5-3, AS ADDED BY HEA 1429-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011] Sec. 3. (a) The state superintendent shall notify the governing bodies of each school corporation, charter school, and accredited nonpublic school immediately of:
(1) the initial publication and annual update on the department's Internet web site of the report described in section 2(b) of this chapter, including the Internet web site address where the report is published; and
(2) updates of the following types of information in the report described in section 2(b) of this chapter:
(A) The addition of materials.
(B) The removal of materials.
(C) Changes in the per unit price of curricular materials that exceed five percent (5%).
(b) A notification under this section must state that:

(1) the **reviews of** curricular materials included in the report described in section 2(b) of this chapter are departmental reviews only; and

(2) each governing body has authority to adopt textbooks for a school corporation.

SECTION 162. IC 20-21-4-3, AS ADDED BY P.L.1-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The board shall prescribe, subject to the approval of the state personnel department and the budget agency, a salary schedule for the school, using a daily rate of pay for each teacher that must be equal to that of the largest school corporation in the county in which the school is located.

(b) The board shall prescribe the terms of the annual contract awarded to licensed teachers qualifying for payment under the salary schedule as described in subsection (a).

(c) The hours of work for all teachers shall be set in accordance with IC 4-15-2.

(d) Each teacher accrues vacation leave and holidays in accordance with the vacation leave and holiday policy of the largest school corporation in the county in which the school is located. A teacher is not eligible for additional vacation leave or holidays set for state employees under IC 1-1-9 or IC 4-15 or rules adopted to implement these statutes.

SECTION 163. IC 20-22-4-3, AS ADDED BY P.L.1-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The board shall prescribe, subject to the approval of the state personnel department and the budget agency, a salary schedule for the school, using a daily rate of pay for each teacher, that must be equal to that of the largest school corporation in the county in which the school is located.

(b) The board shall prescribe the terms of the annual contract awarded to licensed teachers qualifying for payment under the salary schedule as described in subsection (a).

(c) The hours of work for all teachers shall be set in accordance with IC 4-15-2.

(d) Each teacher accrues vacation leave and holidays in accordance with the vacation leave and holiday policy of the largest school corporation in the county in which the school is located. A teacher is not eligible for additional vacation leave or holidays set for state employees under IC 1-1-9 or IC 4-15 or rules adopted to implement these statutes.

SECTION 164. IC 20-24-7-13, AS AMENDED BY P.L.1-2010, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. (a) As used in this section, "virtual charter school" means any charter school, including a conversion charter school, that provides for the delivery of more than fifty percent (50%) of instruction to students through:

(1) virtual distance learning;

(2) online technologies; or

(3) computer based instruction.

~~(b) The department shall establish a pilot program to provide funding for a statewide total of up to two hundred (200) students who attend virtual charter schools in the school year ending in 2010 and five hundred (500) students who attend virtual charter schools in the school year ending in 2011. The department shall choose an entity or entities to operate the virtual charter school. The pilot program must focus on children who have medical disabilities or circumstances that prevent them from attending school or for whom a virtual charter school is a better alternative than a traditional school. At least seventy-five percent (75%) of the students enrolled in virtual charter schools under this section must have been included in the ADM count for the previous school year.~~

(b) Beginning with the 2011-2012 school year, a virtual charter school may apply for sponsorship with any statewide sponsor in accordance with the sponsor's guidelines.

(c) **Before January 1, 2012,** a virtual charter school is entitled to receive funding from the state in an amount equal to the product of:

(1) the number of students included in the virtual charter school's ADM who are participating in the pilot program; multiplied by

(2) eighty percent (80%) of the statewide average basic tuition support.

(d) After December 31, 2011, a virtual charter school is entitled to receive funding from the state in an amount equal to the sum of:

(1) the product of:

(A) the number of students included in the virtual charter school's ADM; multiplied by

(B) eighty-five percent (85%) of the school's foundation amount determined under IC 20-43-5-4; plus

(2) the total of any special education grants under IC 20-43-7 to which the virtual charter school is entitled.

After December 31, 2011, a virtual charter school is entitled to receive special education grants under IC 20-43-7 calculated in the same manner as special education grants are calculated for other school corporations.

~~(d)~~ **(e)** The department shall adopt rules under IC 4-22-2 to govern the operation of virtual charter schools.

~~(e)~~ **(f)** Beginning in 2009, the department shall before December 1 of each year submit an annual report to the budget committee concerning the program under this section.

(g) This subsection does not apply to students who were enrolled in a virtual charter school during the 2010-2011 school year. Each school year, at least sixty percent (60%) of the students who are enrolled in virtual charter schools under this section for the first time must have been included in the state's ADM count for the previous school year.

SECTION 165. IC 20-24-7-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 6.5. (a) Subject to subsection (b) and with the approval of a majority of the members of the governing body, a school corporation may distribute any part of the following to a conversion school sponsored by the school corporation in the amount and under the terms and conditions adopted by a majority of the members of the governing body:**

(1) State tuition support and other state distributions to the school corporation.

(2) Any other amount deposited in the school corporation's general fund.

(b) The total amount that may be transferred under subsection (a) in a calendar year to a particular conversion charter school may not exceed the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the result of:

(A) the amount of state tuition support that the school corporation is eligible to receive in the calendar year; divided by

(B) the current ADM of the school corporation for the calendar year.

STEP TWO: Determine the result of:

(A) the amount of state tuition support that the conversion charter school is eligible to receive in the calendar year; divided by

(B) the current ADM of the conversion charter school for the calendar year.

STEP THREE: Determine the greater of zero (0) or result of:

(A) the STEP ONE amount; minus

(B) the STEP TWO amount.

STEP FOUR: Determine the result of:

(A) the STEP THREE amount; multiplied by

(B) the current ADM of the conversion charter school for the calendar year.

SECTION 166. IC 20-24-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]:

Chapter 7.5. New Charter School Startup Grant

Sec. 1. This chapter applies to a charter school that initially is established and begins enrolling eligible pupils after June 30, 2011.

Sec. 2. This chapter does not apply to a virtual charter school.

Sec. 3. A charter school is eligible for a one (1) time grant under this chapter in the first calendar year immediately following the calendar year in which the charter school is established and begins enrolling eligible pupils.

Sec. 4. A charter school's new charter school startup grant is equal to the result of:

(1) the amount of basic tuition support determined for the charter school under IC 20-43-6-3 for the calendar year that immediately follows the calendar year in which the charter school is established and begins enrolling eligible pupils; divided by

(2) three (3).

The grant shall be paid from the charter school facilities assistance fund established by IC 20-24-12.

SECTION 167. IC 20-26-11-13, AS AMENDED BY P.L.146-2008, SECTION 471, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

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

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

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

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

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

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

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

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

(A) State tuition support distributions.

(B) Property tax levies under IC 20-45-7 and IC 20-45-8.

(C) **The sum of the following** excise tax revenue ~~(as defined in IC 20-43-1-12)~~ received for deposit in the calendar year in which the school year begins:

(i) Financial institution excise tax revenue (IC 6-5.5).

(ii) Motor vehicle excise taxes (IC 6-6-5).

(iii) Commercial vehicle excise taxes (IC 6-6-5.5).
(iv) Boat excise tax (IC 6-6-11).
(v) Aircraft license excise tax (IC 6-6-6.5).
(D) Allocations to the transferee school under IC 6-3.5.
STEP THREE: Determine the greater of:
(A) zero (0); or
(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.
If a child is placed in an institution or facility in Indiana by or with the approval of the department of child services, the institution or facility shall charge the department of child services for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.
(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:
(1) capital outlay;
(2) debt service;
(3) costs of transportation;
(4) salaries of board members;
(5) contracted service for legal expenses; and
(6) any expenditure that is made from extracurricular account receipts;
for the school year.
(d) The capital cost of special equipment for a school year is equal to:
(1) the cost of the special equipment; divided by
(2) the product of:
(A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by
(B) the number of students using the special equipment during at least part of the school year.
(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.
(f) Operating costs shall be allocated to a transfer student for each school year by dividing:
(1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by
(2) the student enrollment of the class of school in which the transfer student is enrolled.
When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.
(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:
(1) the total amount of revenues received; by
(2) the ADM of the transferee school for the school year that ends in the calendar year in which the

revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

(1) be entered into for a period of not more than five (5) years with an option to renew;

(2) specify a maximum number of students to be transferred; and

(3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) A school corporation may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

(1) be for one (1) year or longer; and

(2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

SECTION 168. IC 20-26-12-2, AS AMENDED BY HEA 1429-2011, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) A governing body may purchase from a publisher, any textbook selected by the proper local officials. The governing body may rent these textbooks to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks.

(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:

(1) extended for usage by students under section 24(e) of this chapter; and

(2) paid for through rental fees previously collected.

(c) This section does not limit other laws.

SECTION 169. IC 20-26-12-24, AS AMENDED BY HEA 1429-2011, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 24. (a) The superintendent shall establish procedures for textbook adoption. ~~The procedures must include the involvement of teachers and parents on an advisory committee for the preparation of recommendations for textbook adoptions. The majority of the members of the advisory committee must be teachers, and at least forty percent (40%) of the committee must be parents. These recommendations shall be submitted to the superintendent in accordance with the established procedures in the local school corporation.~~

(b) The governing body, upon receiving these recommendations from the superintendent, shall adopt a textbook for use in teaching each subject in the school corporation.

(c) A special committee of teachers and parents may also be appointed to review books, magazines, and audiovisual material used or proposed for use in the classroom to supplement state adopted textbooks and may make recommendations to the superintendent and the governing body concerning the use of this material.

(d) A textbook selected shall be used for the lesser of:

(1) six (6) years; or

(2) the effective period of the academic standards adopted by the state board to which that textbook is aligned.

(e) A selection may be extended beyond that period for up to six (6) years.

(f) The governing body may, if the governing body considers it appropriate, retain a textbook adopted under this section and authorize the purchase of supplemental materials to ensure continued alignment with academic standards adopted by the state board.

(g) The superintendent, advisory committee, and governing body may consider using the list of curricular materials (as defined in IC 20-20-5.5-1) provided by the department under IC 20-20-5.5.

(h) Notwithstanding subsection (g) and this chapter, the superintendent, advisory committee, and governing body shall adopt reading textbooks from the list of recommended curricular materials provided by the department under IC 20-20-5.5.

(i) A governing body may not purchase textbooks from a publisher unless the publisher agrees, in accordance with Sections 612(a)(23)(A) and ~~674(3)(4)~~ **674(4)** of the Individuals with Disabilities Education Act 2004 (20 U.S.C. 1400 et seq.), to provide or grant a license to the school corporation to allow for the reproduction of adopted textbooks in:

(1) large type;

(2) Braille; **and**

(3) audio format. ~~and~~

~~(4) formats necessary to ensure usability for all students in the school corporation.~~

SECTION 170. IC 20-31-2-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9. "Special management team" means an entity that manages a turnaround academy.**

SECTION 171. IC 20-31-2-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 10. "Turnaround academy" means a school that is subject to IC 20-31-9.5.**

SECTION 172. IC 20-31-9-3, AS ADDED BY P.L.1-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) This section applies if, in the third year after initial placement in the lowest category or designation, a school still remains in the lowest category or designation.

(b) The state board shall establish and assign an expert team to the school. The expert team:

(1) must include representatives from the community or region that the school serves; and

(2) may include:

(A) school superintendents, members of governing bodies, and teachers from school corporations that are in high categories or designations; and

(B) special consultants or advisers.

(c) The expert team shall:

(1) assist the school in revising the school's plan; and

(2) recommend changes in the school that will promote improvement, including the reallocation of resources or requests for technical assistance.

(d) The governing body of the school corporation in which a school to which this section applies is located may petition the state board to immediately restructure the school by presenting a written plan to the state board setting forth the proposed intervention for the school. If the state board approves the petition and accepts the plan, the school:

(1) operates under the applicable provisions of IC 20-31-9.5; and

(2) is carried forward in the same performance category or designation in which the school is placed at the time the state board accepts the plan.

SECTION 173. IC 20-31-9-4, AS ADDED BY P.L.1-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) This section applies if, in the fifth year after initial placement in the lowest category or designation, a school still remains in the lowest category or designation.

(b) The state board shall do the following:

(1) Hold at least one (1) public hearing in the school corporation where the school is located to consider and hear testimony concerning the following options for school improvement:

(A) Merging the school with a nearby school that is in a higher category.

(B) Assigning a special management team to operate all or part of the school.

(C) The department's recommendations for improving the school.

(D) Other options for school improvement expressed at the public hearing. including closing the school.

(E) Revising the school's plan in any of the following areas:

(i) Changes in school procedures or operations.

(ii) Professional development.

(iii) Intervention for individual teachers or administrators.

(2) If the state board determines that intervention will improve the school, implement at least one (1) of the options listed in subdivision (1).

(c) Unless the school is closed or merged, a school that is subject to improvement under this section becomes a turnaround academy under IC 20-31-9.5.

SECTION 174. IC 20-31-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 9.5. Turnaround Academies

Sec. 1. (a) None of the following may be considered a school employer under IC 20-29-6 with respect to a turnaround academy:

(1) The state.

(2) The state board.

(3) A special management team assigned by the state board under IC 20-31-9-4 to operate a school as a turnaround academy.

(b) A special management team assigned under IC 20-31-9-4 to operate a school as a turnaround academy shall make all personnel decisions in the school. In operating the school as a turnaround academy under this chapter, the special management team is not bound by a contract entered into under IC 20-29.

Sec. 2. (a) If the state board assigns a special management team under IC 20-31-9-4 to operate a school as a turnaround academy, for as long as the special management team operates the turnaround academy:

(1) the special management team shall continue to use the school building, the accompanying real property, and the building's contents, equipment, and supplies; and

(2) the school corporation shall continue to:

(A) provide transportation for students attending the turnaround academy at the same level of service the school corporation provided before the school became a turnaround academy; and

(B) maintain and repair the buildings and grounds consistent with the maintenance and repair to the school corporation's other buildings and grounds.

The school corporation shall consult with the special management team regarding these matters.

(b) If the special management team contracts with a school corporation for goods or services, the school corporation may not charge the special management team more for the goods or services than the school corporation pays for the goods or services.

(c) The special management team and the school corporation's board shall hold a joint public meeting at least two (2) times each year to discuss issues and progress concerning the turnaround academy.

Sec. 3. (a) Turnaround academies are eligible to receive building and technology loans administered by the state board from the common school fund.

(b) A student who attends a turnaround academy or another school subject to intervention under this chapter remains, under IC 20-43-4-1, an eligible pupil of the school corporation where the student has legal settlement.

(c) The state board, based upon recommendations received from the department, shall determine the amounts of state tuition support and federal funds that are necessary to fund options for improvement implemented by the state board under this chapter with respect to each turnaround academy.

(d) The department shall do the following:

(1) Withhold from state tuition support and federal funds otherwise to be distributed to the school corporation of the school operated as a turnaround academy under this chapter the amount determined under subsection (c) for the affected students. The amount withheld under this subdivision may not exceed the total per pupil funding for the affected students.

(2) Enter into any contracts necessary to implement the options for improvement implemented for the school by the state board, including contracts with a special management team assigned under IC 20-31-9-4 to operate the school as a turnaround academy.

(3) Make payments under the contracts entered into under subdivision (2) with funds withheld from the school corporation under subdivision (1).

Sec. 4. Any student who lives in the attendance area served by a school that operated as a turnaround academy under this chapter may attend the turnaround academy. The turnaround academy may not refuse enrollment to a student who lives in the attendance area.

Sec. 5. The state board may adopt rules under IC 4-22-2 to implement this chapter.

SECTION 175. IC 20-32-5-15, AS ADDED BY P.L.1-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. (a) The state superintendent shall develop an ISTEP program testing schedule in which:

(1) each student in grades 3, 6, 8, and 10 must be tested; and

(2) each student in grade 10 **or grade 11** must take a graduation examination.

(b) The state board shall adopt rules to establish when a student is considered to be in grade 10 for purposes of initially taking the graduation examination.

SECTION 176. IC 20-35-8-1, AS ADDED BY P.L.1-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Except as provided in subsection (b), if a student with legal settlement in a school corporation is transferred to attend school in another school corporation because of a disability or multiple disabilities, the transferor corporation shall:

(1) either:

(A) provide; or

(B) pay for, in the amount determined under section 2 of this chapter;

any transportation that is necessary or feasible, as determined under section 2 of this chapter and the rules adopted by the state board; and

(2) pay transfer tuition for the student to the transferee corporation in accordance with IC 20-26-11.

(b) If the student attends a school operated through:

(1) a joint school service and supply program; or

(2) another cooperative program;

involving the school corporation of the student's legal settlement, transportation and other costs shall be made in amounts and at the times provided in the agreement or other arrangement made between the participating school corporations.

(c) Student data, including ISTEP program testing scores, academic progress, grade level, and graduation date, for a student described in subsection (a) shall be included in determinations for the school corporation in which the student has legal settlement.

SECTION 177. IC 20-40-8-1, AS AMENDED BY P.L.146-2008, SECTION 477, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. As used in this chapter, "calendar year

distribution" means the sum of the following:

(1) A school corporation's:

(A) state tuition support; and

(B) maximum permissible tuition support levy (as defined in IC 20-45-1-15 before its repeal);

for the calendar year.

(2) The ~~school corporation's~~ **sum of the following** excise tax revenue ~~(as defined in IC 20-43-1-12)~~ **of the school corporation** for the immediately preceding calendar year:

(A) Financial institution excise tax revenue (IC 6-5.5).

(B) Motor vehicle excise taxes (IC 6-6-5).

(C) Commercial vehicle excise taxes (IC 6-6-5.5).

(D) Boat excise tax (IC 6-6-11).

(E) Aircraft license excise tax (IC 6-6-6.5).

SECTION 178. IC 20-40-8-19, AS AMENDED BY P.L.182-2009(ss), SECTION 322, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 19. Money in the fund may be used **before January 1, 2014,** to pay for up to one hundred percent (100%) of the following costs of a school corporation:

(1) Utility services.

(2) Property or casualty insurance.

(3) Both utility services and property or casualty insurance.

A school corporation's expenditures under this section may not **in a calendar year** exceed ~~in 2010 and in 2011~~ three and five-tenths percent (3.5%) of the school corporation's 2005 calendar year distribution.

SECTION 179. IC 20-43-1-1, AS AMENDED BY P.L.182-2009(ss), SECTION 323, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. This article expires January 1, ~~2012.~~ **2014.**

SECTION 180. IC 20-43-1-3, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. ~~"Academic~~ "Honors diploma award" refers to the amount determined under IC 20-43-10-2.

SECTION 181. IC 20-43-1-8.5, AS ADDED BY HEA 1341-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011(RETROACTIVE)]: Sec. 8.5. **(a)** "Child find" means activities conducted by the school corporation to locate, identify, and evaluate all students at least three (3) years of age, but less than twenty-two (22) years of age, who are in need of special education and related services, regardless of the severity of their disabilities, including but not limited to students who attend a nonpublic school within the school corporation's boundaries.

(b) Notwithstanding the effective date in HEA 1341-2011, SECTION 1, this section takes effect July 1, 2011 (rather than January 1, 2011).

SECTION 182. IC 20-43-1-18.5, AS ADDED BY HEA 1341-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011(RETROACTIVE)]: Sec. 18.5. **(a)** "Parentally placed nonpublic school students with disabilities" means students with disabilities who are enrolled by their parents in nonpublic schools or facilities, including religious schools or facilities, that are day schools or residential schools providing elementary or secondary education as determined under Indiana law. For students at least three (3) years of age and less than six (6) years of age, nonpublic schools are schools that meet the definition of an elementary school in 511 IAC 7-32-33.

(b) Notwithstanding the effective date in HEA 1341-2011, SECTION 2, this section takes effect July 1, 2011 (rather than January 1, 2011).

SECTION 183. IC 20-43-1-25, AS AMENDED BY P.L.182-2009(ss), SECTION 325, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 25. "State tuition support" means the amount of state funds to be distributed to:

(1) a school corporation other than a virtual charter school in any calendar year under this article for all grants, distributions, and awards described in IC 20-43-2-3; and

(2) a virtual charter school in any calendar year under ~~IC 20-24-7-13.~~ **IC 20-43-6-3.**

SECTION 184. IC 20-43-2-2, AS AMENDED BY P.L.182-2009(ss), SECTION 329, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. The maximum state distribution for a calendar year for all school corporations for the purposes described in section 3 of this chapter is:

~~(1) five billion eight hundred twenty-nine million nine hundred thousand dollars ($5,829,900,000) in 2009;~~

~~(2) six billion five hundred forty-eight million nine hundred thousand dollars ($6,548,900,000) in 2010; and~~

~~(3)~~ **(1)** six billion ~~five~~ **two** hundred ~~sixty-eight~~ **forty-seven** million ~~five~~ **eight** hundred thousand dollars ~~($6,568,500,000)~~ **($6,247,800,000)** in 2011;

(2) six billion two hundred seventy-seven million nine hundred thousand dollars ($6,277,900,000) in 2012; and

(3) six billion three hundred thirty-nine million six hundred thousand dollars ($6,339,600,000) in 2013.

SECTION 185. IC 20-43-2-3, AS AMENDED BY P.L.182-2009(ss), SECTION 330, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. If the total amount to be distributed:

(1) as basic tuition support;

(2) for ~~academic~~ honors diploma awards;

(3) for primetime distributions;

(4) for special education grants; **and**

(5) for career and technical education grants;

~~(6) for restoration grants; and~~

~~(7) for small school grants~~;

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 186. IC 20-43-3-4, AS AMENDED BY P.L.182-2009(ss), SECTION 331, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. (a) ~~This subsection applies to calendar year 2009. A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:~~

~~STEP ONE: Determine the sum of the following:~~

~~(A) The school corporation's basic tuition support for the year that precedes the current year.~~

~~(B) The school corporation's maximum permissible tuition support levy for calendar year 2008.~~

~~(C) The school corporation's excise tax revenue for calendar year 2007.~~

~~STEP TWO: Subtract from the STEP ONE result an amount equal to the reduction in the school corporation's state tuition support under any combination of subsection (c), subsection (d), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.~~

~~(b) This subsection applies to calendar years 2010 and 2011.~~ A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the sum of the following:

(A) The school corporation's basic tuition support **actually received** for the year that precedes the current year.

~~(B) For calendar year 2010, the amount of education stabilization funds received by the school corporation in calendar year 2009 under Section 14002(a) of the federal American Recovery and Reinvestment Act of 2009 (ARRA).~~

~~(C) The amount of the annual decrease in federal aid to impacted areas from the year preceding~~

~~the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.~~

(B) For 2012, the restoration grant (IC 20-43-12 (repealed)) actually received for 2011.

(C) For 2012, the small school grant (IC 20-43-12.2 (repealed)) actually received for 2011.

STEP TWO: Subtract from the STEP ONE result an amount equal to the reduction in the school corporation's state tuition support under any combination of subsection ~~(c)~~ **(b)** or IC 20-30-2-4.

~~(c)~~ **(b)** A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special education or career and technical education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special education programs or career and technical education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special education and career and technical education because of the overstatement.

~~(d) This section applies only to 2009. A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-24-11. The amount of the reduction equals the product of:~~

~~(1) the sum of the amounts distributed to the conversion charter school under IC 20-24-7-3(c) and IC 20-24-7-3(d) (as effective December 31, 2008), multiplied by~~

~~(2) two (2).~~

SECTION 187. IC 20-43-4-7, AS AMENDED BY P.L.182-2009(ss), SECTION 332, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. ~~(a) This subsection does not apply to a charter school.~~ When calculating adjusted ADM for ~~2010~~ **2012** distributions, this subsection, as effective after December 31, ~~2009,~~ **2011,** shall be used to calculate the adjusted ADM for the previous year rather than the calculation used to calculate adjusted ADM for ~~2009~~ **2011** distributions. For purposes of this article, a school corporation's "adjusted ADM" for the current year is the ~~result determined under the following formula:~~

~~STEP ONE: Determine the sum of the following:~~

~~(A) The school corporation's ADM for the year preceding the current year by two (2) years divided by three (3).~~

~~(B) The school corporation's ADM for the year preceding the current year by one (1) year divided by three (3).~~

~~(C) The school corporation's ADM for the current year divided by three (3).~~

~~STEP TWO: Determine the school corporation's ADM for the current year.~~

~~STEP THREE: Determine the greater of the following:~~

~~(A) The STEP ONE result.~~

~~(B) The STEP TWO result.~~

~~(b) A charter school's adjusted ADM for purposes of this article is the charter school's current ADM.~~ **school corporation's current ADM.**

SECTION 188. IC 20-43-5-3, AS AMENDED BY P.L.182-2009(ss), SECTION 333, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. A school corporation's complexity index is determined under the following formula:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the school corporation's students who were eligible for free or reduced price lunches in the school year ending in the later of:

(A) ~~2007 for purposes of determining the complexity index in 2009, and 2009~~ **2011** for the purposes of determining the complexity index in ~~2010~~ **2012** and ~~2011,~~ **2013;** or

(B) the first year of operation of the school corporation.

(2) Determine the quotient of:

~~(A) in 2009:~~

~~(i) two thousand four hundred dollars ($2,400); divided by~~

~~(ii) four thousand eight hundred twenty-five dollars ($4,825);~~

~~(B) in 2010:~~

~~(i) two thousand two hundred sixty-three dollars ($2,263); divided by~~

~~(ii) four thousand five hundred fifty dollars ($4,550); and~~

~~(C) in 2011:~~

~~(i) two thousand two hundred forty-one dollars ($2,241); divided by~~

~~(ii) four thousand five hundred five dollars ($4,505);~~

(A) in 2012:

(i) two thousand one hundred thirty-four dollars ($2,134); divided by

(ii) four thousand two hundred ninety dollars ($4,290); and

(B) in 2013:

(i) two thousand one hundred ninety-six dollars ($2, 196); divided by

(ii) four thousand four hundred fifteen dollars ($4,415).

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP TWO: Determine the result of one (1) plus the STEP ONE result.

STEP THREE: This STEP applies if the STEP TWO result **in 2012** is equal to or greater than at least one and ~~twenty-five~~ **twenty-eight** hundredths ~~(1.25).~~ **(1.28) and applies if the STEP TWO result in 2013 is at least one and thirty-one hundredths (1.31).** Determine the result of the following:

(1) **In 2012,** subtract one and ~~twenty-five~~ **twenty-eight** hundredths ~~(1.25)~~ **(1.28) and in 2013, subtract one and thirty-one hundredths (1.31)** from the STEP TWO result.

(2) Determine the result of:

(A) the STEP TWO result; plus

(B) the subdivision (1) result.

The data to be used in making the calculations under STEP ONE must be the data collected in the annual pupil enrollment count by the department.

SECTION 189. IC 20-43-5-4, AS AMENDED BY P.L.182-2009(ss), SECTION 334, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. A school corporation's foundation amount for a calendar year is the result determined under STEP ~~TWO~~ **THREE** of the following formula:

STEP ONE: The STEP ONE amount is:

~~(A) in 2009, four thousand eight hundred twenty-five dollars ($4,825);~~

~~(B) in 2010, four thousand five hundred fifty dollars ($4,550); and~~

~~(C) in 2011, four thousand five hundred five dollars ($4,505);~~

(A) in 2012, four thousand two hundred ninety dollars ($4,290); and

(B) in 2013, four thousand four hundred fifteen dollars ($4,415).

STEP TWO: Multiply the STEP ONE amount by the school corporation's complexity index.

STEP THREE: Determine the sum of the STEP TWO amount and the following:

(A) Zero dollars ($0), if the school corporation's current ADM is less than five hundred (500).

(B) One hundred dollars ($100), if the school corporation's current ADM is at least five hundred (500) and is not more than one thousand (1,000).

(C) The result of one hundred thousand dollars ($100,000) divided by the school corporation's current ADM, if the school corporation's current ADM is more than one thousand (1,000).

SECTION 190. IC 20-43-5-6, AS AMENDED BY P.L.182-2009(ss), SECTION 336, IS AMENDED

TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) A school corporation's transition to foundation amount for a calendar year is equal to the result determined under STEP ~~THREE~~ **TWO** of the following formula:

STEP ONE: Determine the difference of:

(A) the school corporation's foundation amount; minus

(B) the **lesser of:**

(i) the school corporation's previous year revenue foundation amount; **or**

(ii) the result of the school corporation's foundation amount multiplied by one and two-tenths (1.2).

~~STEP TWO: Divide the STEP ONE result by:~~

~~(A) three (3) in 2009;~~

~~(B) two (2) in 2010; and~~

~~(C) one (1) in 2011.~~

STEP ~~THREE:~~ **TWO:** A school corporation's STEP ~~THREE~~ **TWO** amount is the following:

(A) For a charter school located outside Marion County that has previous year revenue that is not greater than zero (0), the charter school's STEP ~~THREE~~ **TWO** amount is the quotient of:

(i) the school corporation's transition to foundation revenue for the calendar year where the charter school is located; divided by

(ii) the school corporation's current ADM.

(B) For a charter school located in Marion County that has previous year revenue that is not greater than zero (0), the charter school's STEP THREE amount is the weighted average of the transition to foundation revenue for the school corporations where the students counted in the current ADM of the charter school have legal settlement, as determined under item (iv) of the following formula:

(i) Determine the transition to foundation revenue for each school corporation where a student counted in the current ADM of the charter school has legal settlement.

(ii) For each school corporation identified in item (i), divide the item (i) amount by the school corporation's current ADM.

(iii) For each school corporation identified in item (i), multiply the item (ii) amount by the number of students counted in the current ADM of the charter school that have legal settlement in the particular school corporation.

(iv) Determine the sum of the item (iii) amounts for the charter school.

(C) The STEP ~~THREE~~ **TWO** amount for a school corporation that is not a charter school described in clause (A) or (B) is the following:

(i) The school corporation's foundation amount for the calendar year if the STEP ONE amount is ~~at least negative one hundred fifty dollars (-$150) and not more than fifty dollars ($50).~~

~~(ii) The sum of the school corporation's previous year revenue foundation amount and the greater of the school corporation's STEP TWO amount or fifty dollars ($50), if the school corporation's STEP ONE amount is greater than fifty dollars ($50).~~ **zero (0) or greater.**

~~(iii)~~ **(ii)** The amount determined under subsection (b), if the school corporation's STEP ONE amount is less than ~~negative. one hundred fifty dollars (-$150).~~ **zero (0).**

(b) For the purposes of STEP ~~THREE (C)(iii)~~ **TWO (C)(ii)** in subsection (a), determine the result of:

(1) the **result determined for the** school ~~corporation's previous year revenue foundation amount;~~ **corporation under STEP ONE (B) of subsection (a);** minus

(2) ~~the greater of:~~

~~(A) one hundred fifty dollars ($150); or~~

~~(B)~~ the result of:

~~(i)~~ **(A)** the absolute value of the STEP ONE amount; divided by

~~(ii) nine (9) in 2010, and eight (8) in 2011.~~ **(B) seven (7) in 2012 and six (6) in 2013.**

SECTION 191. IC 20-43-5-7, AS AMENDED BY P.L.182-2009(ss), SECTION 337, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. A school corporation's transition to foundation revenue for a calendar year is equal to the product of:

(1) the school corporation's transition to foundation amount for the calendar year; multiplied by

(2) the school corporation's

~~(A)~~ current ADM. ~~if the current ADM for the school corporation is less than one hundred (100); and~~

~~(B) current adjusted ADM, if clause (A) does not apply.~~

SECTION 192. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss), SECTION 339, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) A school corporation's basic tuition support for a year is the amount determined under the applicable provision of this section.

(b) ~~This subsection applies to a school corporation that has transition to foundation revenue per adjusted ADM for a year that is not equal to the foundation amount for the year.~~ The school corporation's basic tuition support for a year is equal to the school corporation's transition to foundation revenue for the year.

~~(c) This subsection applies to a school corporation that has transition to foundation revenue per adjusted ADM for a year that is equal to the foundation amount for the year. The school corporation's basic tuition support for a year is the sum of the following:~~

~~(1) The foundation amount for the year multiplied by the school corporation's adjusted ADM.~~

~~(2) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.~~

~~(d)~~ **(c)** This subsection applies to students of a virtual charter school. ~~who are participating in the pilot program under IC 20-24-7-13.~~ A virtual charter school's basic tuition support for a year for those students is the amount determined under IC 20-24-7-13.

SECTION 193. IC 20-43-7-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter applies to a virtual charter school.**

SECTION 194. IC 20-43-7-9, AS ADDED BY HEA 1341-2011, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011(RETROACTIVE)]: Sec. 9. (a) This section does not apply to a charter school.

(b) Each calendar year, a school corporation shall expend part of the school corporation's state special education grant on the provision of special education and related services to parentally placed nonpublic school students with disabilities. The school corporation shall, at a minimum, expend an amount from the state special education grant equal to the amount attributable to the number of parentally placed nonpublic school students with disabilities included in the school corporation's count conducted under section 1 of this chapter.

(c) In determining compliance with this section, a school corporation may include state special education grant expenditures on the following:

(1) Activities and services for which the school corporation may expend federal grants under Part B of the federal Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

(2) Child find activities, including the cost of initial educational evaluations and reevaluations.

(d) A school corporation shall maintain sufficient and accurate records to demonstrate compliance with this section.

(e) The state board shall adopt rules to implement this section, including, but not limited to, **annual** reporting requirements, monitoring, and consequences for noncompliance. The consequences may include requiring expenditure of additional state funds in a subsequent year if the school fails to expend the requisite amount in a prior year **that occurs after June 30, 2011.**

(f) Notwithstanding the effective date in HEA 1341-2011, SECTION 3, this section takes effect

July 1, 2011 (rather than January 1, 2011).

SECTION 195. IC 20-43-8-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 196. IC 20-43-9-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 197. IC 20-43-9-6, AS AMENDED BY P.L.182-2009(ss), SECTION 342, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. A school corporation's primetime distribution for a calendar year under this chapter is the amount determined by the following formula:

STEP ONE: Determine the applicable target pupil/teacher ratio for the school corporation as follows:

(A) If the school corporation's complexity index is less than one and one-tenth (1.1), the school corporation's target pupil/teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least one and one-tenth (1.1) but less than one and ~~two-tenths (1.2),~~ **three-tenths (1.3),** the school corporation's target pupil/teacher ratio is fifteen (15) plus the result determined in item (iii) to one (1):

(i) Determine the result of one and ~~two-tenths (1.2),~~ **three-tenths (1.3)** minus the school corporation's complexity index.

(ii) Determine the item (i) result divided by ~~one-tenth (0.1).~~ **two-tenths (0.2).**

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least one and ~~two-tenths (1.2),~~ **three-tenths (1.3),** the school corporation's target pupil/teacher ratio is fifteen to one (15:1).

STEP TWO: Determine the result of:

(A) the ADM of the school corporation in kindergarten through grade 3 for the current school year; divided by

(B) the school corporation's applicable target pupil/teacher ratio, as determined in STEP ONE.

STEP THREE: Determine the result of:

(A) the basic tuition support for the year multiplied by seventy-five hundredths (0.75); divided by

(B) the school corporation's ~~total~~ ADM.

STEP FOUR: Determine the result of:

(A) the STEP THREE result; multiplied by

(B) the ADM of the school corporation in kindergarten through grade 3 for the current school year.

STEP FIVE: Determine the result of:

(A) the STEP FOUR result; divided by

(B) the staff cost amount.

STEP SIX: Determine the greater of zero (0) or the result of:

(A) the STEP TWO amount; minus

(B) the STEP FIVE amount.

STEP SEVEN: Determine the result of:

(A) the STEP SIX amount; multiplied by

(B) the staff cost amount.

STEP EIGHT: Determine the greater of the STEP SEVEN amount or:

(A) for 2012, fifty percent (50%) of the school corporation's guaranteed primetime amount; **or**

(B) for 2013, zero (0).

STEP NINE: A school corporation's amount under this STEP is the following:

(A) If the amount the school corporation received under this chapter in the previous calendar year

is greater than zero (0), the amount under this STEP is the lesser of:

(i) the STEP EIGHT amount; or

(ii) the amount the school corporation received under this chapter for the previous calendar year multiplied by one hundred seven and one-half percent (107.5%).

(B) If the amount the school corporation received under this chapter in the previous calendar year is not greater than zero (0), the amount under this STEP is the STEP EIGHT amount.

SECTION 198. IC 20-43-10-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 199. IC 20-43-10-2, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) A school corporation's ~~academic~~ honors diploma award for a calendar year is the amount determined under STEP ~~TWO~~ **FOUR** of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Determine the result of:

(A) the number of the school corporation's eligible pupils who successfully completed a Core 40 diploma with technical honors program in the school year ending in the previous calendar year; minus

(B) the number of eligible pupils who would otherwise be double counted under both clause (A) and STEP ONE.

STEP THREE: Determine the sum of the number of eligible students determined under STEP ONE and the number of eligible students determined under STEP TWO.

STEP ~~TWO:~~ **FOUR:** Multiply the STEP ~~ONE~~ **THREE** amount by nine hundred dollars ($900).

(b) An amount received by a school corporation as an honors diploma award may be used only for:

(1) any:

(A) staff training;

(B) program development;

(C) equipment and supply expenditures; or

(D) other expenses;

directly related to the school corporation's ~~academic~~ honors diploma program; and

(2) the school corporation's program for high ability students.

(c) A governing body that does not comply with this section for a school year is not eligible to receive an ~~academic~~ honors diploma award for the following school year.

SECTION 200. IC 20-46-1-20, AS ADDED BY HEA 1238-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 20. (a) Except as otherwise provided in this section, during the period beginning with the adoption of a resolution by the governing body of a school corporation to place a referendum under this chapter on the ballot and continuing through the day on which the referendum is submitted to the voters, the school corporation may not promote a position on the referendum by doing any of the following:

(1) Using facilities or equipment, including mail and messaging systems, owned by the school corporation to promote a position on the referendum, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the school corporation.

(2) Making an expenditure of money from a fund controlled by the school corporation to promote a position on the referendum.

(3) Using an employee to promote a position on the referendum during the employee's normal working hours or paid overtime, or otherwise compelling an employee to promote a position on the referendum at any time. However, if a person described in subsection ~~(c)~~ **(d)** is advocating for or

against a position on the referendum or discussing the referendum as authorized under subsection ~~(c),~~ **(d),** an employee of the school corporation may assist the person in presenting information on the referendum, if requested to do so by the person described in subsection ~~(c).~~ **(d).**

(4) Promoting a position on the referendum by:

(A) using students to transport written materials to their residences or in any way involving students in a school organized promotion of a position;

(B) including a statement within another communication sent to the students' residences; or

(C) initiating discussion of the referendum at a meeting between a teacher and parents of a student regarding the student's performance or behavior at school. However, if the parents initiate a discussion of the referendum at the meeting, the teacher may acknowledge the issue and direct the parents to a source of factual information on the referendum.

However, this section does not prohibit an official or employee of the school corporation from carrying out duties with respect to a referendum that are part of the normal and regular conduct of the official's or employee's office or agency, including the furnishing of factual information regarding the referendum in response to inquiries from any person.

(b) The staff and employees of a school corporation may not personally identify a student as the child of a parent or guardian who supports or opposes the referendum.

(c) A person or an organization that has a contract or arrangement (whether formal or informal) with a school corporation to provide goods or services to the school corporation may not spend any money to promote a position on a local public question. A person or an organization that violates this subsection commits a Class A infraction. This subsection does not apply to a person or organization if the person's or organization's contract or arrangement with the school corporation is solely for the use of the school corporation's facilities.

~~(c)~~ **(d)** Notwithstanding any other law, an elected or appointed school board member or a school corporation superintendent, school corporation assistant superintendent, or chief school business official of a school corporation may at any time:

(1) personally advocate for or against a position on a referendum; or

(2) discuss the referendum with any individual, group, or organization or personally advocate for or against a position on a referendum before any individual, group, or organization;

so long as it is not done by using public funds. Advocacy or discussion allowed under this subsection is not considered a use of public funds. However, this subsection does not authorize or apply to advocacy or discussion by a school board member, superintendent, assistant superintendent, or school business official to or with students that occurs during the regular school day.

~~(d)~~ **(e)** A student may use school equipment or facilities to report or editorialize about a local public question as part of the news coverage of the referendum by a student newspaper or broadcast.

SECTION 201. IC 20-46-7-12, AS AMENDED BY P.L.146-2008, SECTION 514, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. **(a)** Except as provided by IC 5-1-14-10, the maximum term or repayment period for bonds issued by a school corporation for a school building construction project may not exceed twenty (20) years after the date of the issuance of the bonds.

(b) If a school corporation is an eligible school corporation under IC 5-1-5-2.5, the school corporation may extend the repayment period beyond the maximum repayment period that applied to the bond, loan, or lease at the time the obligation was incurred as provided by IC 5-1-5-2.5.

SECTION 202. IC 20-46-7-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 15. (a) As used in this section, "debt service fund" includes the separate debt service fund for the payment of debt service on bonds used to implement solutions to a contractual retirement or severance liability.**

(b) As used in this section, "eligible school corporation" has the meaning set forth in IC 5-1-5-2.5.

(c) As used in this section, "increment" refers to the annual increment computed under

IC 5-1-5-2.5 with respect to bonds issued to retire or otherwise refund other bonds for each year that the bonds that are being retired or refunded would have been outstanding.

(d) A school corporation may make a request to continue to impose a debt service fund levy in the amount that the school corporation would have been able to impose to pay debt service on bonds that were retired or refunded by the issuance of refunding bonds. A school corporation must include in its request a copy of the ordinance adopted under IC 5-1-5-2.5.

(e) The department of local government finance shall grant the school corporation permission to continue to impose such a debt service fund levy if the department finds that the school corporation qualifies to issue refunding bonds under IC 5-1-5-2.5.

(f) An eligible school corporation that is granted permission to impose a debt service fund levy as described in this section may transfer the amount of the increment from the debt service fund to:

(1) the capital projects fund;

(2) the transportation fund;

(3) the school bus replacement fund; or

(4) a combination of the funds in subdivisions (1) through (3).

SECTION 203. IC 21-12-3-19, AS ADDED BY P.L.2-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. The auditor of state shall create a separate and segregated higher education award fund distinct from the freedom of choice grant fund. Money may be exchanged or transferred between these funds as provided by section 21 of this chapter **and IC 21-12-4-9.** All money disbursed from the higher education award fund shall be in accordance with this chapter. Money remaining in the higher education award fund at the end of any fiscal year does not revert to the state general fund but remains available to be used for making higher education awards under this chapter.

SECTION 204. IC 21-12-3-21, AS ADDED BY P.L.2-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21. ~~After the commitments for the higher education award fund have been fully met for any academic year under this chapter,~~ The commission may order the auditor of state to transfer to the freedom of choice grant fund ~~any~~ money ~~remaining~~ ~~in~~ **from** the higher education award fund. The auditor of state shall make the transfer ordered by the commission with the approval of the budget director and the governor.

SECTION 205. IC 21-12-4-6, AS ADDED BY P.L.2-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. Except as provided in **section 9 of this chapter and** IC 21-12-3-21, money shall not be exchanged or transferred among these funds.

SECTION 206. IC 21-12-4-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9. The commission may order the auditor of state to transfer money from the freedom of choice grant fund to the higher education award fund. The auditor of state shall make the transfer ordered by the commission with the approval of the budget director and the governor.**

SECTION 207. IC 21-12-10 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 10. Mitch Daniels Early Graduation Scholarship

Sec. 1. As used in this chapter, "publicly supported school" means the following:

(1) A school corporation (as defined in IC 20-18-2-16(a)).

(2) A charter school (as defined in IC 20-24-1-4).

(3) A high school maintained by a state educational institution under IC 20-24.5 or another law.

Sec. 2. The Mitch Daniels early graduation scholarship program is established. The commission shall administer the Mitch Daniels early graduation scholarship program.

Sec. 3. An individual is eligible for a Mitch Daniels early graduation scholarship if the individual:

(1) is a resident of Indiana, as defined by the commission;
(2) attended a publicly supported school on a full-time equivalency basis (as defined in IC 20-43-1-14) for at least the last two (2) semesters before the individual graduated from high school;
(3) had legal settlement (as defined in IC 20-18-2-11) in Indiana for at least the last two (2) semesters before the individual graduated from high school;
(4) met at least the minimum requirements set by the Indiana state board of education for granting a high school diploma by the end of grade 11 (including any summer school courses completed before July 1 of a year) and was awarded after December 31, 2010, a high school diploma by the publicly supported school that the individual last attended for course credits earned before the end of grade 11;
(5) was not enrolled in a publicly supported school for any part of grade 12;
(6) applies to the commission for a Mitch Daniels early graduation scholarship in the manner specified by the commission; and
(7) within five (5) months after graduating from high school, becomes a student in good standing at an approved postsecondary educational institution whose students are eligible to receive a higher education award (IC 21-12-3-11) or a freedom of choice award (IC 21-12-4-4) and is engaged in a program that will lead to an approved postsecondary degree or credential.

Sec. 4. Graduation from a nonstandard course and curriculum program or a program for high ability students that has been granted a waiver by the Indiana state board of education shall be treated as meeting the minimum requirements set by the state board of education for granting a high school diploma.

Sec. 5. (a) A publicly supported school shall submit to the department of education the name of each individual described in section 3(1) through 3(4) of this chapter.

(b) The department of education shall submit to the commission the information submitted under subsection (a) and any other supporting information requested by the commission on the schedule and in the form specified by the commission.

Sec. 6. (a) If an applicant becomes a student in good standing at an approved postsecondary institution, the institution shall provide a written notice to the commission.

(b) If the applicant has met the eligibility requirements prescribed in this chapter, the commission shall award the applicant a Mitch Daniels early graduation scholarship and make the payment directly to the institution. The institution may apply the payment to any outstanding tuition and fees and shall remit the balance of the scholarship to the student.

Sec. 7. The amount of a Mitch Daniels early graduation scholarship is four thousand dollars ($4,000).

Sec. 8. The amount of a Mitch Daniels early graduation scholarship awarded under this chapter shall not be considered as a financial resource in a determination of the amount of any grant or scholarship under this article or, except as required by federal law, the amount of any other grant or scholarship administered by the commission.

Sec. 9. An institution is not required to change its admission standards to accept an individual to whom the commission has issued a Mitch Daniels early graduation scholarship. The scholarship may not be used for remedial course work at the institution. The institution shall provide facilities and instruction to the applicant on the same terms as to other students.

Sec. 10. (a) The commission shall notify the department of the amount of Mitch Daniels early graduation scholarships granted for each state fiscal year. The department shall deduct the scholarship amount presented by the commission from the appropriation for tuition support for that state fiscal year and promptly transfer the amount to the commission.

(b) In the department's biennial budget request the department shall estimate the number of students that are expected to become eligible for a Mitch Daniels early graduation scholarship and

the estimated total amount needed to provide the scholarships for each state fiscal year for which the department requests an appropriation for tuition support. The department shall include in its request for tuition support an amount sufficient to provide the scholarships. The requested amount may not exceed the amount that would have been included in the department's request for tuition support if the students had not graduated early.

SECTION 208. IC 21-14-2-7, AS AMENDED BY P.L.3-2008, SECTION 132, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. The rates must be set according to the procedure set forth in section 8 of this chapter

~~(1) on or before June 30 of the odd-numbered year; or~~

~~(2)~~ **within** sixty (60) days after the state budget bill is enacted into law.

~~whichever is later.~~

SECTION 209. IC 21-14-2-8, AS ADDED BY P.L.234-2007, SECTION 272, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. A state educational institution shall hold a public hearing before adopting a proposed tuition and fee rate increase. The state educational institution shall give public notice of the hearing at least ten (10) days before the hearing. The public notice must include the specific proposal for the tuition and fee rate increase and the expected uses of the revenue to be raised by the proposed increase. The hearing must be held

~~(1) on or before May 31 of each odd numbered year; or~~

~~(2) thirty-one (31)~~ **within thirty (30)** days after the ~~state budget bill is enacted into law;~~ ~~whichever is later.~~ **commission for higher education has established the recommended tuition and mandatory fee increase targets for each state educational institution under section 12.5 of this chapter.**

SECTION 210. IC 21-14-2-12.5, AS ADDED BY P.L.224-2007, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. **(a)** This section applies to tuition and mandatory fees that a board of trustees of a state educational institution votes to increase ~~after June 30, 2007.~~ **under section 7 of this chapter.**

(b) After the enactment of a state budget **and within thirty (30) days after the enactment of the state budget,** the commission for higher education shall recommend nonbinding tuition and mandatory fee increase targets for each state educational institution.

(c) The state educational institution shall submit a report to the state budget committee concerning the financial and budgetary factors considered by the board of trustees in determining the amount of the increase.

(d) The state budget committee shall review the targets recommended under subsection (b) and reports received under subsection (c) and may request that a state educational institution appear at a public meeting of the state budget committee concerning the report.

SECTION 211. IC 21-18-6-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 6. If a student who receives:**

(1) a Frank O'Bannon grant (as defined in IC 21-12-1-10), a scholarship under the twenty-first century scholars program, or another scholarship or award;

(2) a state or federal loan; or

(3) a tuition reduction or exemption;

under IC 10-12-2-6, IC 10-12-2-11, IC 21-11, IC 21-12, IC 21-13, or IC 21-14 is enrolled in an approved postsecondary educational institution (as defined in IC 21-7-13-6(a) or IC 21-7-13-6(b)), the institution shall provide current student information system data to the commission as required by the commission.

SECTION 212. IC 21-33-3-3, AS AMENDED BY P.L.31-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **This section does not apply to a project approved or authorized by the general assembly for which a state appropriation will be used.** The commission for higher education shall complete a review of a project approved or authorized

by the general assembly within ninety (90) days after the project is submitted for review. If the review is not completed within ninety (90) days, the budget agency or the budget committee may proceed without the commission's review.

SECTION 213. IC 21-38-6-1, AS ADDED BY P.L.2-2007, SECTION 279, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. An employee health plan that provides coverage for early intervention services shall reimburse the first steps program ~~for payments made by the program for early intervention services that are covered under the employee health plan.~~ **a monthly fee established by the division of disability and rehabilitative services. The monthly fee shall be provided instead of claims processing of individual claims.**

SECTION 214. IC 21-38-6-3, AS ADDED BY P.L.2-2007, SECTION 279, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. ~~The first steps program may pay required deductibles, copayments, or other out-of-pocket expenses for a first steps child directly to a provider. An employee health plan shall apply any payments made by the first steps program to the employee health plan's deductibles, copayments, or other out-of-pocket expenses according to the terms and conditions of the employee health plan.~~ **The reimbursement required under section 1 of this chapter may not be reduced or denied as a result of:**

(1) a required deductible;

(2) copayments;

(3) coinsurance; or

(4) other out-of-pocket expenses.

SECTION 215. IC 21-43-1-5, AS ADDED BY P.L.234-2007, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. "Postsecondary credit":

(1) for purposes of section 5.5 of this chapter and IC 21-43-1.5, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

that is granted by a state educational institution upon the successful completion of a course taken in a high school setting in a program established under IC 21-43-4 or IC 21-43-5;

~~(1)~~ **(2)** for purposes of IC 21-43-2, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-2; and

~~(2)~~ **(3)** for purposes of IC 21-43-5, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-5.

SECTION 216. IC 21-43-1-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. "Priority dual credit course" refers to a course of study for postsecondary credit that the commission designates as a priority dual credit course under IC 21-43-1.5-1.**

SECTION 217. IC 21-43-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 1.5. Priority Dual Credit Courses

Sec. 1. The commission may identify a set of courses that:

(1) are offered in the high school setting for postsecondary credit; and

(2) receive state funding;
as priority dual credit courses.
Sec. 2. The rate charged to a student for a priority dual credit course shall be set by the commission.
SECTION 218. IC 21-43-4-3, AS ADDED BY P.L.2-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. The postsecondary enrollment program is established for secondary school students. ~~in grades 11 and 12.~~
SECTION 219. IC 21-43-4-4, AS ADDED BY P.L.2-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. A student may enroll in courses offered by an eligible institution under the program on a full-time or part-time basis during ~~grade 11 or grade 12, or both.~~ **secondary school.**
SECTION 220. IC 21-43-4-6, AS ADDED BY P.L.2-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. Before February 1 each year, each school corporation shall provide each student in grades **8, 9,** 10, and 11 with information concerning the program.
SECTION 221. IC 21-43-5-2, AS ADDED BY P.L.234-2007, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. The double up for college program is established for secondary school students in grades 11 and 12. School corporations and state educational institutions may collaborate to offer:
(1) early college;
(2) dual credit; or
(3) dual enrollment;
programs, **as defined by the commission for higher education,** that meet the educational objectives of the school corporation and are offered by the state educational institutions in secondary school locations.
SECTION 222. IC 21-43-5-3, AS ADDED BY P.L.2-2007, SECTION 284, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. A student may enroll in a course offered by a state educational institution under the program on a full-time or part-time basis during ~~grade 11 or grade 12, or both.~~ **secondary school.**
SECTION 223. IC 27-8-10-2.1, AS AMENDED BY P.L.1-2007, SECTION 186, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2.1. (a) There is established a nonprofit legal entity to be referred to as the Indiana comprehensive health insurance association, which must assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the association for coverage. All carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers providing health insurance or health care services in Indiana must be members of the association. The association shall operate under a plan of operation established and approved under subsection (c) and shall exercise its powers through a board of directors established under this section.
(b) The board of directors of the association consists of nine (9) members whose principal residence is in Indiana selected as follows:
(1) Four (4) members to be appointed by the commissioner from the members of the association, one (1) of which must be a representative of a health maintenance organization.
(2) Two (2) members to be appointed by the commissioner shall be consumers representing policyholders.
(3) Two (2) members shall be the state budget director or designee and the commissioner of the department of insurance or designee.
(4) One (1) member to be appointed by the commissioner must be a representative of health care providers.
The commissioner shall appoint the chairman of the board, and the board shall elect a secretary from its membership. The term of office of each appointed member is three (3) years, subject to eligibility for

reappointment. Members of the board who are not state employees may be reimbursed from the association's funds for expenses incurred in attending meetings. The board shall meet at least semiannually, with the first meeting to be held not later than May 15 of each year.

(c) The association shall submit to the commissioner a plan of operation for the association and any amendments to the plan necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation becomes effective upon approval in writing by the commissioner consistent with the date on which the coverage under this chapter must be made available. The commissioner shall, after notice and hearing, approve the plan of operation if the plan is determined to be suitable to assure the fair, reasonable, and equitable administration of the association and provides for the sharing of association losses on an equitable, proportionate basis among the member carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers. If the association fails to submit a suitable plan of operation within one hundred eighty (180) days after the appointment of the board of directors, or at any time thereafter the association fails to submit suitable amendments to the plan, the commissioner shall adopt rules under IC 4-22-2 necessary or advisable to implement this section. These rules are effective until modified by the commissioner or superseded by a plan submitted by the association and approved by the commissioner. The plan of operation must:

(1) establish procedures for the handling and accounting of assets and money of the association;

(2) establish the amount and method of reimbursing members of the board;

(3) establish regular times and places for meetings of the board of directors;

(4) establish procedures for records to be kept of all financial transactions and for the annual fiscal reporting to the commissioner;

(5) establish procedures whereby selections for the board of directors will be made and submitted to the commissioner for approval;

(6) contain additional provisions necessary or proper for the execution of the powers and duties of the association; and

(7) establish procedures for the periodic advertising of the general availability of the health insurance coverages from the association.

(d) The plan of operation may provide that any of the powers and duties of the association be delegated to a person who will perform functions similar to those of this association. A delegation under this section takes effect only with the approval of both the board of directors and the commissioner. The commissioner may not approve a delegation unless the protections afforded to the insured are substantially equivalent to or greater than those provided under this chapter.

(e) The association has the general powers and authority enumerated by this subsection in accordance with the plan of operation approved by the commissioner under subsection (c). The association has the general powers and authority granted under the laws of Indiana to carriers licensed to transact the kinds of health care services or health insurance described in section 1 of this chapter and also has the specific authority to do the following:

(1) Enter into contracts as are necessary or proper to carry out this chapter, subject to the approval of the commissioner.

(2) Subject to section 2.6 of this chapter, sue or be sued, including taking any legal actions necessary or proper for recovery of any assessments for, on behalf of, or against participating carriers.

(3) Take legal action necessary to avoid the payment of improper claims against the association or the coverage provided by or through the association.

(4) Establish a medical review committee to determine the reasonably appropriate level and extent of health care services in each instance.

(5) Establish appropriate rates, scales of rates, rate classifications and rating adjustments, such rates not to be unreasonable in relation to the coverage provided and the reasonable operational expenses of the association.

(6) Pool risks among members.

(7) Issue policies of insurance on an indemnity or provision of service basis providing the coverage required by this chapter.

(8) Administer separate pools, separate accounts, or other plans or arrangements considered appropriate for separate members or groups of members.

(9) Operate and administer any combination of plans, pools, or other mechanisms considered appropriate to best accomplish the fair and equitable operation of the association.

(10) Appoint from among members appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the association, policy and other contract design, and any other function within the authority of the association.

(11) Hire an independent consultant.

(12) Develop a method of advising applicants of the availability of other coverages outside the association.

(13) Provide for the use of managed care plans for insureds, including the use of:

(A) health maintenance organizations; and

(B) preferred provider plans.

(14) Solicit bids directly from providers for coverage under this chapter.

(15) Subject to section 3 of this chapter, negotiate reimbursement rates and enter into contracts with individual health care providers and health care provider groups.

(f) Rates for coverages issued by the association may not be unreasonable in relation to the benefits provided, the risk experience, and the reasonable expenses of providing the coverage. Separate scales of premium rates based on age apply for individual risks. Premium rates must take into consideration the extra morbidity and administration expenses, if any, for risks insured in the association. The rates for a given classification ~~may~~ **must** be **equal to**

~~(1)~~ ~~not more than~~ one hundred fifty percent (150%) of the average premium rate for that class charged by the five (5) carriers with the largest premium volume in the state during the preceding calendar year. ~~for an insured whose family income is less than three hundred fifty-one percent (351%) of the federal income poverty level for the same size family; and~~

~~(2) an amount equal to:~~

~~(A) not less than one hundred fifty-one percent (151%); and~~

~~(B) not more than two hundred percent (200%);~~

~~of the average premium rate for that class charged by the five (5) carriers with the largest premium volume in the state during the preceding calendar year; for an insured whose family income is more than three hundred fifty percent (350%) of the federal income poverty level for the same size family.~~

In determining the average rate of the five (5) largest carriers, the rates charged by the carriers shall be actuarially adjusted to determine the rate that would have been charged for benefits substantially identical to those issued by the association. All rates adopted by the association must be submitted to the commissioner for approval.

(g) Following the close of the association's fiscal year, the association shall determine the net premiums, the expenses of administration, and the incurred losses for the year. Twenty-five percent (25%) of any net loss shall be assessed by the association to all members in proportion to their respective shares of total health insurance premiums as reported to the department of insurance, excluding premiums for Medicaid contracts with the state of Indiana, received in Indiana during the calendar year (or with paid losses in the year) coinciding with or ending during the fiscal year of the association. Seventy-five percent (75%) of any net loss shall be paid by the state. In sharing losses, the association may abate or defer in any part the assessment of a member, if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. The association may also provide for interim assessments against members of the association if necessary to assure the financial capability of the association to meet the incurred or estimated claims expenses or operating expenses of the association until the association's next fiscal year is completed. Net gains, if any, must be held at interest

to offset future losses or allocated to reduce future premiums. Assessments must be determined by the board members specified in subsection (b)(1), subject to final approval by the commissioner.

(h) The association shall conduct periodic audits to assure the general accuracy of the financial data submitted to the association, and the association shall have an annual audit of its operations by an independent certified public accountant.

(i) The association is subject to examination by the department of insurance under IC 27-1-3.1. The board of directors shall submit, not later than March 30 of each year, a financial report for the preceding calendar year in a form approved by the commissioner.

(j) All policy forms issued by the association must conform in substance to prototype forms developed by the association, must in all other respects conform to the requirements of this chapter, and must be filed with and approved by the commissioner before their use.

(k) The association may not issue an association policy to any individual who, on the effective date of the coverage applied for, does not meet the eligibility requirements of section 5.1 of this chapter.

(l) The association and the premium collected by the association shall be exempt from the premium tax, the adjusted gross income tax, or any combination of these upon revenues or income that may be imposed by the state.

(m) Members who, during any calendar year, have paid one (1) or more assessments levied under this chapter may include in the rates for premiums charged for insurance policies to which this chapter applies amounts sufficient to recoup a sum equal to the amounts paid to the association by the member less any amounts returned to the member insurer by the association, and the rates shall not be deemed excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the member.

(n) The association shall provide for the option of monthly collection of premiums.

(o) The association shall periodically certify to the budget agency the amount necessary to pay seventy-five percent (75%) of any net loss as specified in subsection (g).

SECTION 224. IC 27-8-10-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) An association policy issued under this chapter may pay an amount for medically necessary eligible expenses related to the diagnosis or treatment of illness or injury that exceed the deductible and coinsurance amounts applicable under section 4 of this chapter. Payment under an association policy must be based on one (1) or a combination of the following reimbursement methods, as determined by the board of directors:

(1) The association's usual and customary fee schedule in effect on January 1, 2004. If payment is based on the usual and customary fee schedule in effect on January 1, 2004, the rates of reimbursement under the fee schedule must be adjusted annually by a percentage equal to the percentage change in the Indiana medical care component of the Consumer Price Index for all Urban Consumers, as published by the United States Bureau of Labor Statistics during the preceding calendar year.

(2) A health care provider network arrangement. If payment is based on a health care provider network arrangement, reimbursement under an association policy must be made according to:

(A) a network fee schedule for network health care providers and nonnetwork health care providers; and

(B) any additional coinsurance that applies to the insured under the association policy if the insured obtains health care services from a nonnetwork health care provider.

(3) Reimbursement for an eligible expense in an amount equal to not less than the federal Medicare reimbursement rate for the eligible expense plus ten percent (10%).

(b) Eligible expenses are the charges for the following health care services and articles to the extent furnished by a health care provider in an emergency situation or furnished or prescribed by a physician:

(1) Hospital services, including charges for the institution's most common semiprivate room, and for private room only when medically necessary, but limited to a total of one hundred eighty (180) days in a year.

(2) Professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than mental or dental, that are rendered by a physician or, at the physician's direction, by the physician's staff of registered or licensed nurses, and allied health professionals.

(3) The first twenty (20) professional visits for the diagnosis or treatment of one (1) or more mental conditions rendered during the year by one (1) or more physicians or, at their direction, by their staff of registered or licensed nurses, and allied health professionals.

(4) Drugs and contraceptive devices requiring a physician's prescription.

(5) Services of a skilled nursing facility for not more than one hundred eighty (180) days in a year.

(6) Services of a home health agency up to two hundred seventy (270) days of service a year.

(7) Use of radium or other radioactive materials.

(8) Oxygen.

(9) Anesthetics.

(10) Prostheses, other than dental.

(11) Rental of durable medical equipment which has no personal use in the absence of the condition for which prescribed.

(12) Diagnostic X-rays and laboratory tests.

(13) Oral surgery for:

(A) excision of partially or completely erupted impacted teeth;

(B) excision of a tooth root without the extraction of the entire tooth; or

(C) the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth.

(14) Services of a physical therapist and services of a speech therapist.

(15) Professional ambulance services to the nearest health care facility qualified to treat the illness or injury.

(16) Other medical supplies required by a physician's orders.

An association policy may also include comparable benefits for those who rely upon spiritual means through prayer alone for healing upon such conditions, limitations, and requirements as may be determined by the board of directors.

(c) A managed care organization that issues an association policy may not refuse to enter into an agreement with a hospital solely because the hospital has not obtained accreditation from an accreditation organization that:

(1) establishes standards for the organization and operation of hospitals;

(2) requires the hospital to undergo a survey process for a fee paid by the hospital; and

(3) was organized and formed in 1951.

(d) This section does not prohibit a managed care organization from using performance indicators or quality standards that:

(1) are developed by private organizations; and

(2) do not rely upon a survey process for a fee charged to the hospital to evaluate performance.

(e) For purposes of this section, if benefits are provided in the form of services rather than cash payments, their value shall be determined on the basis of their monetary equivalency.

(f) The following are not eligible expenses in any association policy within the scope of this chapter:

(1) Services for which a charge is not made in the absence of insurance or for which there is no legal obligation on the part of the patient to pay.

(2) Services and charges made for benefits provided under the laws of the United States, including Medicare and Medicaid, military service connected disabilities, medical services provided for members of the armed forces and their dependents or for employees of the armed forces of the United States, medical services financed in the future on behalf of all citizens by the United States.

(3) Benefits which would duplicate the provision of services or payment of charges for any care for injury or disease either:

(A) arising out of and in the course of an employment subject to a worker's compensation or similar law; or

(B) for which benefits are payable without regard to fault under a coverage statutorily required to be contained in any motor vehicle or other liability insurance policy or equivalent self-insurance.

However, this subdivision does not authorize exclusion of charges that exceed the benefits payable under the applicable worker's compensation or no-fault coverage.

(4) Care which is primarily for a custodial or domiciliary purpose.

(5) Cosmetic surgery unless provided as a result of an injury or medically necessary surgical procedure.

(6) Any charge for services or articles the provision of which is not within the scope of the license or certificate of the institution or individual rendering the services.

(g) The coverage and benefit requirements of this section for association policies may not be altered by any other inconsistent state law without specific reference to this chapter indicating a legislative intent to add or delete from the coverage requirements of this chapter.

(h) This chapter does not prohibit the association from issuing additional types of health insurance policies with different types of benefits that, in the opinion of the board of directors, may be of benefit to the citizens of Indiana.

(i) This chapter does not prohibit the association or its administrator from implementing uniform procedures to review the medical necessity and cost effectiveness of proposed treatment, confinement, tests, or other medical procedures. Those procedures may take the form of preadmission review for nonemergency hospitalization, case management review to verify that covered individuals are aware of treatment alternatives, or other forms of utilization review. Any cost containment techniques of this type must be adopted by the board of directors and approved by the commissioner.

SECTION 225. IC 27-8-10-5.1, AS AMENDED BY P.L.3-2008, SECTION 213, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5.1. (a) A person is not eligible for an association policy if the person is eligible for ~~Medicaid.~~ **any of the coverage described in subdivisions (1) and (2).** A person other than a federally eligible individual may not apply for an association policy unless the person has applied for:

(1) Medicaid; **and**

(2) coverage under the:

(A) preexisting condition insurance plan program established by the Secretary of Health and Human Services under Section 1101 of Title I of the federal Patient Protection and Affordable Care Act (P.L. 111-148); and

(B) Indiana check-up plan under IC 12-15-44.2;

not more than sixty (60) days before applying for the association policy.

(b) Except as provided in subsection (c), a person is not eligible for an association policy if, at the effective date of coverage, the person has or is eligible for coverage under any insurance plan that equals or exceeds the minimum requirements for accident and sickness insurance policies issued in Indiana as set forth in IC 27. However, an offer of coverage described in IC 27-8-5-2.5(e) (expired July 1, 2007, and removed), IC 27-8-5-2.7, IC 27-8-5-19.2(e) (expired July 1, 2007, and repealed), or IC 27-8-5-19.3 does not affect an individual's eligibility for an association policy under this subsection. Coverage under any association policy is in excess of, and may not duplicate, coverage under any other form of health insurance.

(c) Except as provided in IC 27-13-16-4 and subsection (a), a person is eligible for an association policy upon a showing that:

(1) the person has been rejected by one (1) carrier for coverage under any insurance plan that equals or exceeds the minimum requirements for accident and sickness insurance policies issued in Indiana, as set forth in IC 27, without material underwriting restrictions;

(2) an insurer has refused to issue insurance except at a rate exceeding the association plan rate; or

(3) the person is a federally eligible individual.

For the purposes of this subsection, eligibility for Medicare coverage does not disqualify a person who is less than sixty-five (65) years of age from eligibility for an association policy.

(d) Coverage under an association policy terminates as follows:

(1) On the first date on which an insured is no longer a resident of Indiana.

(2) On the date on which an insured requests cancellation of the association policy.

(3) On the date of the death of an insured.

(4) At the end of the policy period for which the premium has been paid.

(5) On the first date on which the insured no longer meets the eligibility requirements under this section.

(e) An association policy must provide that coverage of a dependent unmarried child terminates when the child becomes nineteen (19) years of age (or twenty-five (25) years of age if the child is enrolled full time in an accredited educational institution). The policy must also provide in substance that attainment of the limiting age does not operate to terminate a dependent unmarried child's coverage while the dependent is and continues to be both:

(1) incapable of self-sustaining employment by reason of mental retardation or mental or physical disability; and

(2) chiefly dependent upon the person in whose name the contract is issued for support and maintenance.

However, proof of such incapacity and dependency must be furnished to the carrier within one hundred twenty (120) days of the child's attainment of the limiting age, and subsequently as may be required by the carrier, but not more frequently than annually after the two (2) year period following the child's attainment of the limiting age.

(f) An association policy that provides coverage for a family member of the person in whose name the contract is issued must, as to the family member's coverage, also provide that the health insurance benefits applicable for children are payable with respect to a newly born child of the person in whose name the contract is issued from the moment of birth. The coverage for newly born children must consist of coverage of injury or illness, including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities. If payment of a specific premium is required to provide coverage for the child, the contract may require that notification of the birth of a child and payment of the required premium must be furnished to the carrier within thirty-one (31) days after the date of birth in order to have the coverage continued beyond the thirty-one (31) day period.

(g) Except as provided in subsection (h), an association policy may contain provisions under which coverage is excluded during a period of three (3) months following the effective date of coverage as to a given covered individual for preexisting conditions, as long as medical advice or treatment was recommended or received within a period of three (3) months before the effective date of coverage. This subsection may not be construed to prohibit preexisting condition provisions in an insurance policy that are more favorable to the insured.

(h) If a person applies for an association policy within six (6) months after termination of the person's coverage under a health insurance arrangement and the person meets the eligibility requirements of subsection (c), then an association policy may not contain provisions under which:

(1) coverage as to a given individual is delayed to a date after the effective date or excluded from the policy; or

(2) coverage as to a given condition is denied;

on the basis of a preexisting health condition. This subsection may not be construed to prohibit preexisting condition provisions in an insurance policy that are more favorable to the insured.

(i) For purposes of this section, coverage under a health insurance arrangement includes, but is not limited to, coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985.

SECTION 226. IC 27-8-27-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. A health insurance plan that provides coverage for early intervention services shall reimburse the first steps program ~~for payments made by the program for early intervention services that are covered under the health insurance plan.~~ **a monthly fee established by the division of disability and rehabilitative services. The monthly fee shall be provided instead of claims processing of individual claims.**

SECTION 227. IC 27-8-27-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. ~~The first steps program may pay required deductibles, copayments, or other out-of-pocket expenses for a first steps child directly to a provider. An insurer (as defined in IC 27-8-14.5-3) shall apply any payments made by the first steps program to the health insurance plan's deductibles, copayments, or other out-of-pocket expenses according to the terms and conditions of the health insurance plan.~~ **Reimbursement required under section 6 of this chapter may not be reduced or denied as a result of:**

(1) a required deductible;

(2) copayments;

(3) coinsurance; or

(4) other out-of-pocket expenses.

SECTION 228. IC 29-1-7-15.1, AS AMENDED BY P.L.95-2007, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15.1. (a) When it has been determined that a decedent died intestate and letters of administration have been issued upon the decedent's estate, no will shall be probated unless it is presented for probate before the court decrees final distribution of the estate.

(b) No real estate situate in Indiana of which any person may die seized shall be sold by the executor or administrator of the deceased person's estate to pay any debt or obligation of the deceased person, which is not:

(1) a lien of record in the county in which the real estate is situate; ~~or~~

(2) to pay any costs of administration of any decedent's estate; **or**

(3) a claim of the office of Medicaid policy and planning;

unless letters testamentary or of administration upon the decedent's estate are taken out within five (5) months after the decedent's death.

(c) The title of any real estate or interest therein purchased in good faith and for a valuable consideration from the heirs of any person who died seized of the real estate shall not be affected or impaired by any devise made by the person of the real estate so purchased, unless:

(1) the will containing the devise has been probated and recorded in the office of the clerk of the court having jurisdiction within five (5) months after the death of the testator; or

(2) an action to contest the will's validity is commenced within the time provided by law and, as a result, the will is ultimately probated.

(d) The will of the decedent shall not be admitted to probate unless the will is presented for probate before the latest of the following dates:

(1) Three (3) years after the individual's death.

(2) Sixty (60) days after the entry of an order denying the probate of a will of the decedent previously offered for probate and objected to under section 16 of this chapter.

(3) Sixty (60) days after entry of an order revoking probate of a will of the decedent previously admitted to probate and contested under section 17 of this chapter.

However, in the case of an individual presumed dead under IC 29-2-5-1, the three (3) year period commences with the date the individual's death has been established by appropriate legal action.

SECTION 229. IC 29-3-5-1, AS AMENDED BY P.L.6-2010, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Any person may file a petition for the appointment of a person to serve as guardian for an incapacitated person or minor under this chapter or to have a protective order issued under IC 29-3-4. The petition must state the following:

(1) The name, age, residence, and post office address of the alleged incapacitated person or minor for whom the guardian is sought to be appointed or the protective order issued.
(2) The nature of the incapacity.
(3) The approximate value and description of the property of the incapacitated person or minor, including any compensation, pension, insurance, or allowance to which the incapacitated person or minor may be entitled.
(4) If a limited guardianship is sought, the particular limitations requested.
(5) Whether a protective order has been issued or a guardian has been appointed or is acting for the incapacitated person or minor in any state.
(6) The residence and post office address of the proposed guardian or person to carry out the protective order and the relationship to the alleged incapacitated person of:
(A) the proposed guardian; or
(B) the person proposed to carry out the protective order.
(7) The names and addresses, as far as known or as can reasonably be ascertained, of the persons most closely related by blood or marriage to the person for whom the guardian is sought to be appointed or the protective order is issued.
(8) The name and address of the person or institution having the care and custody of the person for whom the guardian is sought to be appointed or the protective order is issued.
(9) The names and addresses of any other incapacitated persons or minors for whom the proposed guardian or person to carry out the protective order is acting if the proposed guardian or person is an individual.
(10) The reasons the appointment of a guardian or issuance of a protective order is sought and the interest of the petitioner in the appointment or issuance.
(11) The name and business address of the attorney who is to represent the guardian or person to carry out the protective order.
(12) Whether a child in need of services petition or a program of informal adjustment has been filed regarding the minor for whom a guardianship is being sought, and, if so, whether the case regarding the minor is open at the time the guardianship petition is filed.

(b) Notice of a petition under this section for the appointment of a guardian or the issuance of a protective order and the hearing on the petition shall be given under IC 29-3-6.

(c) After the filing of a petition, the court shall set a date for **a** hearing on the issues raised by the petition. Unless an alleged incapacitated person is already represented by counsel, the court may appoint an attorney to represent the incapacitated person.

(d) A person alleged to be an incapacitated person must be present at the hearing on the issues raised by the petition and any response to the petition unless the court determines by evidence that:
(1) it is impossible or impractical for the alleged incapacitated person to be present due to the alleged incapacitated person's disappearance, absence from the state, or similar circumstance;
(2) it is not in the alleged incapacitated person's best interest to be present because of a threat to the health or safety of the alleged incapacitated person as determined by the court;
(3) the incapacitated person has knowingly and voluntarily consented to the appointment of a guardian or the issuance of a protective order and at the time of such consent the incapacitated person was not incapacitated as a result of a mental condition that would prevent that person from knowingly and voluntarily consenting; or
(4) the incapacitated person has knowingly and voluntarily waived notice of the hearing and at the time of such waiver the incapacitated person was not incapacitated as a result of a mental condition that would prevent that person from making a knowing and voluntary waiver of notice.

(e) A person alleged to be an incapacitated person may present evidence and cross-examine witnesses at the hearing. The issues raised by the petition and any response to the petition shall be determined by a jury if a jury is requested no later than seventy-two (72) hours prior to the original date and time set for

the hearing on the petition. However, in no event may a request for a jury trial be made after thirty (30) days have passed following the service of notice of a petition.

(f) Any person may apply for permission to participate in the proceeding, and the court may grant the request with or without hearing upon determining that the best interest of the alleged incapacitated person or minor will be served by permitting the applicant's participation. The court may attach appropriate conditions to the permission to participate.

(g) A court shall notify the department of child services of a hearing regarding the guardianship of a minor under this section if a:

(1) child in need of services petition has been filed regarding the minor; or

(2) program of informal adjustment involving the minor is pending.

The department of child services may participate in a hearing regarding the guardianship of a minor described in this subsection.

SECTION 230. IC 29-3-8-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 9. (a) A probate or juvenile court may include in its order creating a guardianship of a minor the following:**

(1) A requirement that the minor must reside with the guardian until the guardianship is terminated or modified.

(2) Any terms and conditions that a parent must meet in order to seek modification or termination of the guardianship.

(b) Except as provided in IC 29-3-12, if an order creating a guardianship contains terms and conditions described in subsection (a)(2), the court may modify or terminate the guardianship only if the parent:

(1) complies with the terms and conditions; and

(2) proves the parent's current fitness to assume all parental obligations by a preponderance of the evidence.

(c) If:

(1) a petition is filed for modification, resignation, or removal of the guardian or termination of the guardianship before the parent complies with the court ordered terms and conditions described in subsection (a)(2); and

(2) the minor:

(A) was the subject of a petition alleging the child to be a child in need of services; or

(B) is participating in a program of informal adjustment;

the court shall refer the petition to the department of child services for the department of child services to determine the placement of the child in accordance with the best interests of the child.

(d) A court shall notify the department of child services:

(1) if:

(A) the court appoints a guardian for a minor who:

(i) was the subject of a petition alleging the minor to be a child in need of services; or

(ii) is participating in a program of informal adjustment; and

(B) a petition to modify or terminate the guardianship of the minor or a petition regarding the death, resignation, or removal of the guardian is filed; and

(2) of any hearings related to the petitions described under subdivision (1)(B).

(e) If a minor was the subject of a petition alleging the minor to be a child in need of services or is participating in a program of informal adjustment, the court shall do the following at a hearing regarding a petition filed under this section:

(1) Consider the position of the department of child services.

(2) If requested by the department of child services, allow the department of child services to present evidence regarding:

(A) whether the guardianship should be modified or terminated;

(B) the fitness of the parent to provide for the care and supervision of the minor at the time of the hearing;

(C) the appropriate care and placement of the child; and

(D) the best interests of the child.

SECTION 231. IC 31-9-2-17.8, AS ADDED BY P.L.146-2008, SECTION 537, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 17.8. "Child services", for purposes of this title, means the following:

(1) Services, other than services that are costs of secure detention, specifically provided by or on behalf of the department for or on behalf of children who are:

(A) adjudicated to be:

(i) children in need of services under IC 31-34; or

(ii) delinquent children under IC 31-37;

(B) parties in a child in need of services case filed under IC 31-34 or in a delinquency case filed under IC 31-37 before adjudication or entry of a dispositional decree;

(C) subject to temporary care or supervision by the department under any applicable provision of IC 31-33, IC 31-34, or IC 31-37;

(D) recipients or beneficiaries of a program of informal adjustment approved under IC 31-34-8 or IC 31-37-9; or

(E) recipients or beneficiaries of:

(i) adoption assistance **or kinship guardianship assistance** under Title IV-E of the federal Social Security Act (42 U.S.C. 673), as amended;

(ii) adoption subsidies or assistance under IC 31-19-26.5; ~~or~~

(iii) assistance, including emergency assistance or assisted guardianships, provided under Title IV-A of the federal Social Security Act (42 U.S.C. 601 et seq.), as amended; **or**

(iv) other financial assistance provided to or for the benefit of a child who was previously adjudicated as a child in need of services or delinquent child, including a legal guardianship established to implement a permanency plan under IC 31-34-21-7.5(c)(1)(E) if IC 29-3-8-9 applies and the assistance is approved under a rule or published policy of the department.

(2) Costs of using an institution or facility for providing educational services to children described in subdivision (1)(A), under either IC 20-33-2-29 (if applicable) or IC 20-26-11-13 (if applicable).

(3) Assistance awarded by the department to a destitute child under IC 31-26-2.

SECTION 232. IC 31-30-1-6, AS AMENDED BY P.L.145-2006, SECTION 275, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) Subject to subsections (b) and (c), this article does not prohibit a probate court from exercising its jurisdiction over guardianship of a person who is less than eighteen (18) years of age.

(b) If allegations in the petition for guardianship or allegations produced at guardianship proceedings indicate that the person for whom the guardianship is requested meets the definition of a child in need of services under IC 31-34-1, the probate court on its own motion or at the request of a party shall:

(1) send the petition for guardianship or the record of guardianship ~~proceedings, or both,~~ to ~~the prosecuting attorney or the attorney for~~ the department of child services; and

(2) direct ~~the prosecuting attorney or the attorney for~~ the department of child services to initiate an ~~investigation and proceedings in the juvenile court~~ **assessment** to determine whether the person for whom the guardianship is requested is a child in need of services.

(c) The probate court retains jurisdiction over the matter until the juvenile court authorizes the filing of a petition under IC 31-34-9.

(d) If a juvenile court:

(1) issues an order establishing or modifying a guardianship of a minor; and

(2) requests additional proceedings regarding the guardianship of the minor;

the probate court that retains jurisdiction over the case or another appropriate court shall conduct additional proceedings.

SECTION 233. IC 31-34-21-7.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7.7. **(a)** If the juvenile court approves a permanency plan under section 7 of this chapter that provides for the appointment of a guardian for a child, the juvenile court may appoint a guardian of the person and administer a guardianship for the child under IC 29-3.

(b) If a guardianship of the person proceeding for the child is pending in a probate court, the probate court shall transfer the proceeding to the juvenile court.

(c) In creating a guardianship of a minor, a probate or juvenile court may include in an order the requirements and terms and conditions described in IC 29-3-8-9(a).

(d) If the juvenile court closes a child in need of services case after creating a guardianship, the juvenile court order creating the guardianship survives the closure of the child in need of services case.

(e) If the juvenile court closes the child in need of services case after creating a guardianship, the probate court may assume or reassume jurisdiction of the guardianship and take further action as necessary.

SECTION 234. IC 31-40-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The fiscal body of the county ~~shall~~ **may** appropriate money from the county supplemental juvenile probation services fund:

(1) to the juvenile courts of the county for the use by the courts in supplementing probation services to juveniles; and

(2) to supplement the salaries of juvenile probation officers in accordance with the salary schedule set by the county fiscal body under IC 36-2-16.5.

(b) Money in the county supplemental juvenile probation services fund may be used only for supplementing probation services and to supplement the salaries of probation officers in accordance with IC 31-31-5.

SECTION 235. IC 33-37-5-21, AS AMENDED BY P.L.182-2009(ss), SECTION 394, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21. (a) This section applies to all civil, criminal, infraction, and ordinance violation actions.

(b) The clerk shall collect an automated record keeping fee as follows:

(1) Seven dollars ($7) after June 30, 2003, and before July 1, ~~2011.~~ **2013.**

(2) Four dollars ($4) after June 30, ~~2011,~~ **2013.**

SECTION 236. IC 33-37-5-21.2, AS AMENDED BY P.L.1-2006, SECTION 509, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21.2. (a) This subsection does not apply to the following:

(1) A criminal proceeding.

(2) A proceeding to enforce a statute defining an infraction.

(3) A proceeding for an ordinance violation.

In each action filed in a court described in IC 33-37-1-1 and in each small claims action in a court described in IC 33-34, the clerk shall collect a public defense administration fee of ~~three~~ **five** dollars ~~($3).~~ **($5).**

(b) In each action in which a person is:

(1) convicted of an offense;

(2) required to pay a pretrial diversion fee;

(3) found to have committed an infraction; or

(4) found to have violated an ordinance;

the clerk shall collect a public defense administration fee of ~~three~~ **five** dollars ~~($3).~~ **($5).**

SECTION 237. IC 33-37-7-2, AS AMENDED BY P.L.182-2009(ss), SECTION 395, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) The clerk of a circuit court shall

distribute semiannually to the auditor of state as the state share for deposit in the homeowner protection unit account established by IC 4-6-12-9 one hundred percent (100%) of the automated record keeping fees collected under IC 33-37-5-21 with respect to actions resulting in the accused person entering into a pretrial diversion program agreement under IC 33-39-1-8 or a deferral program agreement under IC 34-28-5-1 and for deposit in the state general fund seventy percent (70%) of the amount of fees collected under the following:

(1) IC 33-37-4-1(a) (criminal costs fees).
(2) IC 33-37-4-2(a) (infraction or ordinance violation costs fees).
(3) IC 33-37-4-3(a) (juvenile costs fees).
(4) IC 33-37-4-4(a) (civil costs fees).
(5) IC 33-37-4-6(a)(1)(A) (small claims costs fees).
(6) IC 33-37-4-7(a) (probate costs fees).
(7) IC 33-37-5-17 (deferred prosecution fees).

(b) The clerk of a circuit court shall distribute semiannually to the auditor of state for deposit in the state user fee fund established in IC 33-37-9-2 the following:

(1) Twenty-five percent (25%) of the drug abuse, prosecution, interdiction, and correction fees collected under IC 33-37-4-1(b)(5).
(2) Twenty-five percent (25%) of the alcohol and drug countermeasures fees collected under IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5).
(3) Fifty percent (50%) of the child abuse prevention fees collected under IC 33-37-4-1(b)(7).
(4) One hundred percent (100%) of the domestic violence prevention and treatment fees collected under IC 33-37-4-1(b)(8).
(5) One hundred percent (100%) of the highway work zone fees collected under IC 33-37-4-1(b)(9) and IC 33-37-4-2(b)(5).
(6) One hundred percent (100%) of the safe schools fee collected under IC 33-37-5-18.
(7) **The following:**
(A) For a county operating under the state's automated judicial system, one hundred percent (100%) of the automated record keeping fee (IC 33-37-5-21) not distributed under subsection (a).
(B) For a county not operating under the state's automated judicial system, eighty-five and seven-tenths percent (85.7%) of the automated record keeping fee (IC 33-37-5-21) not distributed under subsection (a).

(c) The clerk of a circuit court shall distribute monthly to the county auditor the following:

(1) Seventy-five percent (75%) of the drug abuse, prosecution, interdiction, and correction fees collected under IC 33-37-4-1(b)(5).
(2) Seventy-five percent (75%) of the alcohol and drug countermeasures fees collected under IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5).
(3) For a county not operating under the state's automated judicial system, fourteen and three-tenths percent (14.3%) of the automated record keeping fee (IC 33-37-5-21) not distributed under subsection (a).

The county auditor shall deposit fees distributed by a clerk under this subsection into the county drug free community fund established under IC 5-2-11.

(d) The clerk of a circuit court shall distribute monthly to the county auditor fifty percent (50%) of the child abuse prevention fees collected under IC 33-37-4-1(b)(7). The county auditor shall deposit fees distributed by a clerk under this subsection into the county child advocacy fund established under IC 12-17-17.

(e) The clerk of a circuit court shall distribute monthly to the county auditor one hundred percent (100%) of the late payment fees collected under IC 33-37-5-22. The county auditor shall deposit fees distributed by a clerk under this subsection as follows:

(1) If directed to do so by an ordinance adopted by the county fiscal body, the county auditor shall

deposit forty percent (40%) of the fees in the clerk's record perpetuation fund established under IC 33-37-5-2 and sixty percent (60%) of the fees in the county general fund.

(2) If the county fiscal body has not adopted an ordinance described in subdivision (1), the county auditor shall deposit all the fees in the county general fund.

(f) The clerk of the circuit court shall distribute semiannually to the auditor of state for deposit in the sexual assault victims assistance account established by IC 5-2-6-23(h) one hundred percent (100%) of the sexual assault victims assistance fees collected under IC 33-37-5-23.

(g) The clerk of a circuit court shall distribute monthly to the county auditor the following:

(1) One hundred percent (100%) of the support and maintenance fees for cases designated as non-Title IV-D child support cases in the Indiana support enforcement tracking system (ISETS) collected under IC 33-37-5-6.

(2) The percentage share of the support and maintenance fees for cases designated as IV-D child support cases in ISETS collected under IC 33-37-5-6 that is reimbursable to the county at the federal financial participation rate.

The county clerk shall distribute monthly to the office of the secretary of family and social services the percentage share of the support and maintenance fees for cases designated as Title IV-D child support cases in ISETS collected under IC 33-37-5-6 that is not reimbursable to the county at the applicable federal financial participation rate.

(h) The clerk of a circuit court shall distribute monthly to the county auditor the following:

(1) One hundred percent (100%) of the small claims service fee under IC 33-37-4-6(a)(1)(B) or IC 33-37-4-6(a)(2) for deposit in the county general fund.

(2) One hundred percent (100%) of the small claims garnishee service fee under IC 33-37-4-6(a)(1)(C) or IC 33-37-4-6(a)(3) for deposit in the county general fund.

(i) This subsection does not apply to court administration fees collected in small claims actions filed in a court described in IC 33-34. The clerk of a circuit court shall semiannually distribute to the auditor of state for deposit in the state general fund one hundred percent (100%) of the following:

(1) The public defense administration fee collected under IC 33-37-5-21.2.

(2) The judicial salaries fees collected under IC 33-37-5-26.

(3) The DNA sample processing fees collected under IC 33-37-5-26.2.

(4) The court administration fees collected under IC 33-37-5-27.

(j) The clerk of a circuit court shall semiannually distribute to the auditor of state for deposit in the judicial branch insurance adjustment account established by IC 33-38-5-8.2 one hundred percent (100%) of the judicial insurance adjustment fee collected under IC 33-37-5-25.

(k) The proceeds of the service fee collected under IC 33-37-5-28(b)(1) or IC 33-37-5-28(b)(2) shall be distributed as follows:

(1) The clerk shall distribute one hundred percent (100%) of the service fees collected in a circuit, superior, county, or probate court to the county auditor for deposit in the county general fund.

(2) The clerk shall distribute one hundred percent (100%) of the service fees collected in a city or town court to the city or town fiscal officer for deposit in the city or town general fund.

(l) The proceeds of the garnishee service fee collected under IC 33-37-5-28(b)(3) or IC 33-37-5-28(b)(4) shall be distributed as follows:

(1) The clerk shall distribute one hundred percent (100%) of the garnishee service fees collected in a circuit, superior, county, or probate court to the county auditor for deposit in the county general fund.

(2) The clerk shall distribute one hundred percent (100%) of the garnishee service fees collected in a city or town court to the city or town fiscal officer for deposit in the city or town general fund.

(m) The clerk of the circuit court shall distribute semiannually to the auditor of state for deposit in the home ownership education account established by IC 5-20-1-27 one hundred percent (100%) of the mortgage foreclosure counseling and education fees collected under IC 33-37-5-30 (before its expiration

on January 1, 2013).

SECTION 238. IC 33-37-7-9, AS AMENDED BY P.L.130-2009, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) On June 30 and on December 31 of each year, the auditor of state shall transfer to the treasurer of state nine million two hundred seventy-seven thousand twenty-three dollars ($9,277,023) for distribution under subsection (b).

(b) On June 30 and on December 31 of each year, the treasurer of state shall deposit into:

(1) the family violence and victim assistance fund established by IC 5-2-6.8-3 an amount equal to eight and three-hundredths percent (8.03%);

(2) the Indiana judges' retirement fund established by IC 33-38-6-12 an amount equal to thirty-eight and fifty-five hundredths percent (38.55%);

(3) the law enforcement academy building fund established by IC 5-2-1-13 an amount equal to two and fifty-six hundredths percent (2.56%);

(4) the law enforcement training fund established by IC 5-2-1-13 an amount equal to ten and twenty-seven hundredths percent (10.27%);

(5) the violent crime victims compensation fund established by IC 5-2-6.1-40 an amount equal to eleven and ninety-three hundredths percent (11.93%);

(6) the motor vehicle highway account an amount equal to nineteen and forty-nine hundredths percent (19.49%);

(7) the fish and wildlife fund established by IC 14-22-3-2 an amount equal to twenty-five hundredths percent (0.25%);

(8) the Indiana judicial center drug and alcohol programs fund established by IC 12-23-14-17 for the administration, certification, and support of alcohol and drug services programs under IC 12-23-14 an amount equal to one and sixty-three hundredths percent (1.63%); and

(9) the DNA sample processing fund established under IC 10-13-6-9.5 for the funding of the collection, shipment, analysis, and preservation of DNA samples and the conduct of a DNA data base program under IC 10-13-6 an amount equal to seven and twenty-nine hundredths percent (7.29%);

of the amount transferred by the auditor of state under subsection (a).

(c) On June 30 and on December 31 of each year, the auditor of state shall transfer to the treasurer of state for deposit into the public defense fund established under IC 33-40-6-1

~~(1) after June 30, 2004, and before July 1, 2005, one million seven hundred thousand dollars ($1,700,000); and~~

~~(2) after June 30, 2005, two~~ **three** million seven hundred thousand dollars ~~($2,700,000).~~ **($3,700,000).**

SECTION 239. IC 33-37-8-4, AS AMENDED BY P.L.176-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) **Except as provided in subsection (b),** upon receipt of monthly claims submitted on oath to the fiscal body by a program listed in section 3(b) of this chapter, the fiscal body of the city or town shall appropriate from the city or town fund to the program the amount collected for the program fee under IC 33-37-5.

(b) Funds derived from a deferral program or a pretrial diversion program may be ~~used only~~ **disbursed only by the adoption of an ordinance appropriating the funds** for **one (1) or more of** the following purposes:

(1) Personnel expenses related to the operation of the program.

(2) Special training for:

(A) a prosecuting attorney;

(B) a deputy prosecuting attorney;

(C) support staff for a prosecuting attorney or deputy prosecuting attorney; or

(D) a law enforcement officer.

(3) Employment of a deputy prosecutor or prosecutorial support staff.
(4) Victim assistance.
(5) Electronic legal research.
(6) Office equipment, including computers, computer software, communication devices, office machinery, furnishings, and office supplies.
(7) Expenses of a criminal investigation and prosecution.
(8) An activity or program operated by the prosecuting attorney that is intended to reduce or prevent criminal activity, including:
(A) substance abuse;
(B) child abuse;
(C) domestic violence;
(D) operating while intoxicated; and
(E) juvenile delinquency.
(9) Any other purpose that benefits the office of the prosecuting attorney or law enforcement and that is agreed upon by the county fiscal body and the prosecuting attorney.

(c) Funds described in subsection (b) may be used only in accordance with guidelines adopted by the prosecuting attorneys council under IC 33-39-8-5.

SECTION 240. IC 33-37-8-6, AS AMENDED BY P.L.176-2005, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) **Except as provided in subsection (b),** upon receipt of monthly claims submitted on oath to the fiscal body by a program listed in section 5(b) of this chapter, the county fiscal body shall appropriate from the county fund to the program or fund the amount collected for the program under IC 33-37-5.

(b) Funds derived from a deferral program or a pretrial diversion program may be ~~used only~~ **disbursed only by the adoption of an ordinance appropriating the funds** for **one (1) or more of** the following purposes:
(1) Personnel expenses related to the operation of the program.
(2) Special training for:
(A) a prosecuting attorney;
(B) a deputy prosecuting attorney;
(C) support staff for a prosecuting attorney or deputy prosecuting attorney; or
(D) a law enforcement officer.
(3) Employment of a deputy prosecutor or prosecutorial support staff.
(4) Victim assistance.
(5) Electronic legal research.
(6) Office equipment, including computers, computer software, communication devices, office machinery, furnishings, and office supplies.
(7) Expenses of a criminal investigation and prosecution.
(8) An activity or program operated by the prosecuting attorney that is intended to reduce or prevent criminal activity, including:
(A) substance abuse;
(B) child abuse;
(C) domestic violence;
(D) operating while intoxicated; and
(E) juvenile delinquency.
(9) Any other purpose that benefits the office of the prosecuting attorney or law enforcement and that is agreed upon by the county fiscal body and the prosecuting attorney.

(c) Funds described in subsection (b) may be used only in accordance with guidelines adopted by the prosecuting attorneys council under IC 33-39-8-5.

SECTION 241. IC 33-38-5-8.1, AS ADDED BY P.L.159-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.1. (a) ~~Beginning July 1, 2006,~~ **Except as otherwise provided in this section,** the part of the total salary of an official:

(1) paid by the state; and

(2) set under section 6 or 8 of this chapter;

is increased in each state fiscal year in which the general assembly does not amend the section of law under which the salary is determined to provide a salary increase for the state fiscal year.

(b) The percentage by which salaries are increased in a state fiscal year under this section is equal to the statewide average percentage, as determined by the budget director, by which the salaries of state employees in the executive branch who are in the same or a similar salary bracket exceed, for the state fiscal year, the salaries of executive branch state employees in the same or a similar salary bracket that were in effect on July 1 of the immediately preceding state fiscal year.

(c) The amount of a salary increase under this section is equal to the amount determined by applying the percentage increase for the particular state fiscal year to the salary payable by the state, as previously adjusted under this section, that is in effect on June 30 of the immediately preceding state fiscal year. **However, a salary increase that would otherwise occur under this section in the state fiscal year beginning July 1, 2011, or in the state fiscal year beginning July 1, 2012, shall not occur unless the increase for that state fiscal year is approved by the chief justice of the supreme court.**

(d) An official is not entitled to receive a salary increase under this section in a state fiscal year in which state employees described in subsection (b) do not receive a statewide average salary increase.

(e) If a salary increase is required under this section, the budget director shall augment judicial appropriations, including the line items for personal services for the supreme court, local judges' salaries, and county prosecutors' salaries, in the state biennial budget in an amount sufficient to pay for the salary increase from the sources of funds determined by the budget director.

SECTION 242. IC 35-38-2-1, AS AMENDED BY P.L.1-2006, SECTION 529, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Whenever it places a person on probation, the court shall:

(1) specify in the record the conditions of the probation; and

(2) advise the person that if the person violates a condition of probation during the probationary period, a petition to revoke probation may be filed before the earlier of the following:

(A) One (1) year after the termination of probation.

(B) Forty-five (45) days after the state receives notice of the violation.

(b) In addition, if the person was convicted of a felony and is placed on probation, the court shall order the person to pay to the probation department the user's fee prescribed under subsection (d). If the person was convicted of a misdemeanor, the court may order the person to pay the user's fee prescribed under subsection (e). The court may:

(1) modify the conditions (except a fee payment may only be modified as provided in section 1.7(b) of this chapter); or

(2) terminate the probation;

at any time. If the person commits an additional crime, the court may revoke the probation.

(c) If a clerk of a court collects a probation user's fee, the clerk:

(1) may keep not more than three percent (3%) of the fee to defray the administrative costs of collecting the fee and shall deposit any fee kept under this subsection in the clerk's record perpetuation fund established under IC 33-37-5-2; and

(2) if requested to do so by the county auditor, city fiscal officer, or town fiscal officer under clause (A), (B), or (C), transfer not more than three percent (3%) of the fee to the:

(A) county auditor, who shall deposit the money transferred under this subdivision into the county general fund;

(B) city general fund when requested by the city fiscal officer; or

(C) town general fund when requested by the town fiscal officer.

(d) In addition to any other conditions of probation, the court shall order each person convicted of a felony to pay:

(1) not less than twenty-five dollars ($25) nor more than one hundred dollars ($100) as an initial probation user's fee;

(2) a monthly probation user's fee of not less than fifteen dollars ($15) nor more than thirty dollars ($30) for each month that the person remains on probation;

(3) the costs of the laboratory test or series of tests to detect and confirm the presence of the human immunodeficiency virus (HIV) antigen or antibodies to the human immunodeficiency virus (HIV) if such tests are required by the court under section 2.3 of this chapter;

(4) an alcohol abuse deterrent fee and a medical fee set by the court under IC 9-30-9-8, if the court has referred the defendant to an alcohol abuse deterrent program; and

(5) an administrative fee of one hundred dollars ($100);

to either the probation department or the clerk.

(e) In addition to any other conditions of probation, the court may order each person convicted of a misdemeanor to pay:

(1) not more than a fifty dollar ($50) initial probation user's fee;

(2) a monthly probation user's fee of not less than ten dollars ($10) nor more than twenty dollars ($20) for each month that the person remains on probation;

(3) the costs of the laboratory test or series of tests to detect and confirm the presence of the human immunodeficiency virus (HIV) antigen or antibodies to the human immunodeficiency virus (HIV) if such tests are required by the court under section 2.3 of this chapter; and

(4) an administrative fee of fifty dollars ($50);

to either the probation department or the clerk.

(f) The probation department or clerk shall collect the administrative fees under subsections (d)(5) and (e)(4) before collecting any other fee under subsection (d) or (e). All money collected by the probation department or the clerk under this section shall be transferred to the county treasurer, who shall deposit the money into the county supplemental adult probation services fund. The fiscal body of the county ~~shall~~ **may** appropriate money from the county supplemental adult probation services fund:

(1) to the county, superior, circuit, or municipal court of the county that provides probation services to adults to supplement adult probation services; and

(2) to supplement the salaries of probation officers in accordance with the schedule adopted by the county fiscal body under IC 36-2-16.5.

(g) The probation department or clerk shall collect the administrative fee under subsection (e)(4) before collecting any other fee under subsection (e). All money collected by the probation department or the clerk of a city or town court under this section shall be transferred to the fiscal officer of the city or town for deposit into the local supplemental adult probation services fund. The fiscal body of the city or town ~~shall~~ **may** appropriate money from the local supplemental adult probation services fund to the city or town court of the city or town for the court's use in providing probation services to adults or for the court's use for other purposes as may be appropriated by the fiscal body. Money may be appropriated under this subsection only to those city or town courts that have an adult probation services program. If a city or town court does not have such a program, the money collected by the probation department must be transferred and appropriated as provided under subsection (f).

(h) Except as provided in subsection (j), the county or local supplemental adult probation services fund may be used only to supplement probation services and to supplement salaries for probation officers. A supplemental probation services fund may not be used to replace other funding of probation services. Any money remaining in the fund at the end of the year does not revert to any other fund but continues in the county or local supplemental adult probation services fund.

(i) A person placed on probation for more than one (1) crime:

(1) may be required to pay more than one (1) initial probation user's fee; and

(2) may not be required to pay more than one (1) monthly probation user's fee per month;

to the probation department or the clerk.

(j) This subsection applies to a city or town located in a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000). Any money remaining in the local supplemental adult probation services fund at the end of the local fiscal year may be appropriated by the city or town fiscal body to the city or town court for use by the court for purposes determined by the fiscal body.

(k) In addition to other methods of payment allowed by law, a probation department may accept payment of fees required under this section and section 1.5 of this chapter by credit card (as defined in IC 14-11-1-7). The liability for payment is not discharged until the probation department receives payment or credit from the institution responsible for making the payment or credit.

(l) The probation department may contract with a bank or credit card vendor for acceptance of bank or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the probation department or charged directly to the probation department's account, the probation department may collect a credit card service fee from the person using the bank or credit card. The fee collected under this subsection is a permitted additional charge to the money the probation department is required to collect under subsection (d) or (e).

(m) The probation department shall forward the credit card service fees collected under subsection (l) to the county treasurer or city or town fiscal officer in accordance with subsection (f) or (g). These funds may be used without appropriation to pay the transaction charge or discount fee charged by the bank or credit card vendor.

SECTION 243. IC 36-7-11.5-11, AS AMENDED BY P.L.96-2010, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. (a) As used in this section, "fund" refers to the West Baden Springs historic hotel preservation and maintenance fund established by subsection (b).

(b) The West Baden Springs historic hotel preservation and maintenance fund is established. The fund consists of the following:

(1) Amounts deposited in the fund under IC 4-33-6.5-6, IC 4-33-12-6(c), and IC 4-33-13-5(b).

(2) Grants and gifts that the department of natural resources receives for the fund under terms, obligations, and liabilities that the department considers appropriate.

(3) The one million dollar ($1,000,000) initial fee paid to the gaming commission under IC 4-33-6.5.

(4) Any amount transferred to the fund upon the repeal of IC 36-7-11.5-8 (the community trust fund).

The fund shall be administered by the department of natural resources. The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest the money in the fund that is not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. The treasurer of state shall deposit in the fund the interest that accrues from the investment of the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The interest accruing to the fund is annually appropriated to the department of natural resources only for the following purposes:

(1) To reimburse claims made for expenditures to maintain a qualified historic hotel, as determined by the owner of the hotel riverboat resort.

(2) To reimburse claims made for expenditures to maintain:

(A) the grounds surrounding a qualified historic hotel;

(B) supporting buildings and structures related to a qualified historic hotel; and

(C) other facilities used by the guests of the qualified historic hotel;

as determined by the owner of the hotel riverboat resort.

(f) The department of natural resources shall promptly pay each claim for a purpose described in subsection (e) to the extent of the balance of interest available in the fund, **without review or approval of the project or claim under IC 14-21 or IC 36-7-11. IC 14-21-1-18 does not apply to projects or claims paid for maintenance under this section.** If insufficient money is available to fully pay all of the submitted claims, the department of natural resources shall pay the claims in the order in which they are received until each claim is fully paid.

(g) Notwithstanding IC 4-9.1-1-7, IC 4-12-1-12, IC 4-13-2-18, or any other law, interest accruing to the fund may not be withheld, transferred, assigned, or reassigned to a purpose other than the reimbursement of claims under subsection (f).

SECTION 244. IC 36-10-8-4, AS AMENDED BY P.L.176-2009, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) The board is composed of seven (7) members.

(b) The county executive shall determine in the creating ordinance which units within the county shall make appointments to the board. In addition, the creating ordinance must provide that no more than four (4) of the members be affiliated with the same political party. The creating ordinance must also provide staggered terms for the appointments.

(c) Notwithstanding subsection (b), if a board was created under IC 18-7-18 (before its repeal on February 24, 1982), three (3) members shall be appointed by the executive of the second class city and three (3) members shall be appointed by the executive of the county. Those members shall select the seventh member, who serves as president. One (1) of the members appointed by the city executive must be engaged in the ~~hotel or motel business~~ **hospitality industry** in the city. No more than two (2) of the members appointed by the city executive may be affiliated with the same political party and no more than two (2) of the members appointed by the county executive may be affiliated with the same political party. In addition, each member must have been a resident of the county for at least one (1) year immediately preceding ~~his~~ **the member's** appointment. Initial terms of the members are as follows:

(1) One (1) of the members appointed by each appointing authority for a term ending January 15 of the year following the appointment.

(2) Two (2) of the members appointed by each appointing authority for a term ending January 15 of the second year following the appointment.

(3) The seventh member serves for a term ending January 15 of the second year following the appointment.

(d) Subsequent terms of members are for two (2) years. ~~beginning~~ **All terms begin** on January 15. ~~and~~ **A member serves** until a successor is appointed and qualified. A member may be reappointed after ~~his~~ **the member's** term has expired.

(e) If a vacancy occurs on the board, the appointing authority shall appoint a new member. That member serves for the remainder of the vacated term.

(f) A board member may be removed for cause by the appointing authority who appointed ~~him.~~ **the member.**

(g) Each member, before entering upon ~~his~~ **the member's** duties, shall take and subscribe an oath of office in the usual form. The oath shall be endorsed upon ~~his~~ **the member's** certificate of appointment. The certificate shall be promptly filed with the records of the board. However, if the board was created under IC 18-7-18 (before its repeal on February 24, 1982), the certificate shall be filed with the clerk of the circuit court of the county in which the board is created.

(h) A member may not receive a salary, but is entitled to reimbursement for any expenses necessarily incurred in the performance of ~~his~~ **the member's** duties.

SECTION 245. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2011]: IC 4-12-4-1; IC 4-12-4-4; IC 4-12-4-5; IC 4-12-4-6; IC 4-12-4-7; IC 4-12-4-8.

SECTION 246. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2011]: IC 4-15-1; IC 4-15-1.8; IC 4-15-2; IC 4-15-2.5; IC 4-15-3; IC 4-15-4; IC 4-15-9.

SECTION 247. IC 12-15-13-3 IS REPEALED [EFFECTIVE JULY 1, 2011].

SECTION 248. IC 12-8-3 IS REPEALED [EFFECTIVE UPON PASSAGE].

SECTION 249. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2011]: IC 12-10-6-3; IC 12-10-6-14; IC 12-15-5-6; IC 12-17.6-4-10.

SECTION 250. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2011]: IC 12-28-5-1; IC 12-28-5-2; IC 12-28-5-3; IC 12-28-5-4; IC 12-28-5-5; IC 12-28-5-6; IC 12-28-5-7; IC 12-28-5-8; IC 12-28-5-9; IC 12-28-5-15.

SECTION 251. P.L.73-2008, SECTION 1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: SECTION 1. (a) As used in this SECTION, "division" refers to the division of disability and rehabilitative services established by IC 12-9-1-1.

(b) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(c) As used in this SECTION, "waiver" refers to any waiver administered by the office and the division under section 1915(c) of the federal Social Security Act.

~~(d) Before July 1, 2008, the office shall apply to the United States Department of Health and Human Services for approval to amend a waiver to set priorities as described in subsection (e) in providing services under the waiver.~~

~~(e) The waiver amendment must provide for the following individuals to be given priority in receiving services under the waiver:~~

~~(1) An individual who is determined by the state department of health to no longer need or receive active treatment provided in a supervised group living setting.~~

~~(2) An individual who is receiving service under the direction of the division in a supervised group living setting, nursing facility, or large private intermediate care facility and has a history of unexplained injuries or documented abuse that is substantiated by the division and that threatens the health and welfare of the individual.~~

~~(3) A current resident, or the guardian of a resident who is incapacitated, of a large, private intermediate care facility for the mentally retarded who requests to leave the facility.~~

~~(4) An individual who will be attaining the maximum age for a residential or group home setting funded by the department of education, the division of family resources, or the office.~~

~~(5) An individual for whom the primary caregiver of the individual is no longer able to care for the individual due to:~~

~~(A) the death of the primary caregiver;~~

~~(B) the long term institutionalization of the primary caregiver;~~

~~(C) the long term incapacitation of the primary caregiver; or~~

~~(D) the long term incarceration of the primary caregiver.~~

~~(6) An individual who is on the waiver waiting list and has been determined to have a shortened life span as defined by the division.~~

~~(7) Any other priority as determined by the division.~~

~~(f) The office may not implement the amendment to the waiver until the office files an affidavit with the governor attesting that the amendment to the federal waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the waiver amendment is approved.~~

~~(g) If the office receives approval for the amendment to the waiver under this SECTION from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (f), the office shall implement the amendment to the waiver not more than sixty (60) days after the governor receives the affidavit.~~

(d) Before October 1, 2011, the office shall apply to the United States Department of Health and Human Services for approval to amend a waiver to set an emergency placement priority for individuals in the following situations:

(1) Death of a primary caregiver where alternative placement in a supervised group living setting:

(A) is not available; or

(B) is determined by the division to be an inappropriate option.

(2) A situation in which:

(A) the primary caregiver is at least eighty (80) years of age; and

(B) alternate placement in a supervised group living setting is not available or is determined by the division to be an inappropriate option.

(3) There is evidence of abuse or neglect in the current institutional or home placement, and alternate placement in a supervised group living setting is not available or is determined by the division to be an inappropriate option.

(4) There are other health and safety risks, as determined by the division director, and alternate placement in a supervised group living setting is not available or is determined by the division to be an inappropriate option.

~~(h)~~ **(e) The division shall report on a quarterly basis the following information to the division of disability and rehabilitative services advisory council established by IC 12-9-4-2 concerning each Medicaid waiver for which the office has been approved under this section to administer an emergency placement priority for individuals described in this section:**

(1) The number of applications for emergency placement priority waivers.

(2) The number of individuals served on the waiver.

(3) The number of individuals on a wait list for the waiver.

(f) The office may adopt rules under IC 4-22-2 necessary to implement this SECTION.

~~(i)~~ **(g)** This SECTION expires July 1, 2016.

SECTION 252. P.L.182-2009(ss), SECTION 486, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SEC. 486. (a) As used in this SECTION, "continuing care retirement community" means a health care facility that:

(1) provides independent living services and health facility services in a campus setting with common areas;

(2) holds continuing care agreements with at least twenty-five percent (25%) of its residents (as defined in IC 23-2-4-1);

(3) uses the money from the agreements described in subdivision (2) to provide services to the resident before the resident may be eligible for Medicaid under IC 12-15; and

(4) meets the requirements of IC 23-2-4.

(b) As used in this SECTION, "health facility" refers to a health facility that is licensed under IC 16-28 as a comprehensive care facility.

(c) As used in this SECTION, "nursing facility" means a health facility that is certified for participation in the federal Medicaid program under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(d) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(e) Effective August 1, 2003, the office shall collect a quality assessment from each health facility. The office shall offset the collection of the assessment for a health facility:

(1) against a Medicaid payment to the health facility by the office; or

(2) in another manner determined by the office.

(f) The office shall implement the waiver approved by the United States Centers for Medicare and Medicaid Services that provides for an exemption from collection of a quality assessment from the

following:

(1) A continuing care retirement community as follows:

(A) A continuing care retirement community that was registered with the securities commissioner as a continuing care retirement community on January 1, 2007, is not required to meet the definition of a continuing care retirement community in subsection (a).

(B) A continuing care retirement community that, for the period January 1, 2007, through June 30, 2009, operates independent living units, at least twenty-five percent (25%) of which are provided under contracts that require the payment of a minimum entrance fee of at least twenty-five thousand dollars ($25,000).

(C) An organization registered under IC 23-2-4 before July 1, 2009, that provides housing in an independent living unit for a religious order.

(D) A continuing care retirement community that meets the definition set forth in subsection (a).

(2) A hospital based health facility.

(3) The Indiana Veterans' Home.

Any revision to the state plan amendment or waiver request under this subsection is subject to and must comply with the provisions of this SECTION.

(g) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under this SECTION using the methodology described in subsections (d) and (e), the office shall revise the state plan amendment and waiver request submitted under this SECTION as soon as possible to demonstrate compliance with 42 CFR 433.68(e)(2)(ii) and to provide for collection of a quality assessment from health facilities effective August 1, 2003.

(h) The money collected from the quality assessment may be used only to pay the state's share of the costs for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.) as follows:

(1) At the following percentages when the state's regular federal medical assistance percentage (FMAP) applies, excluding the time frame in which the adjusted FMAP is provided to the state by the federal American Recovery and Reinvestment Act of 2009:

(A) Twenty percent (20%) as determined by the office.

(B) Eighty percent (80%) to nursing facilities.

(2) At the following percentages when the state's federal medical assistance percentage (FMAP) is adjusted by the federal American Recovery and Reinvestment Act of 2009:

(A) Forty percent (40%) as determined by the office.

(B) Sixty percent (60%) to nursing facilities.

(i) After:

(1) the amendment to the state plan and waiver request submitted under this SECTION is approved by the United States Centers for Medicare and Medicaid Services; and

(2) the office calculates and begins paying enhanced reimbursement rates set forth in this SECTION;

the office shall begin the collection of the quality assessment set under this SECTION. The office may establish a method to allow a facility to enter into an agreement to pay the quality assessment collected under this SECTION subject to an installment plan.

(j) If federal financial participation becomes unavailable to match money collected from the quality assessments for the purpose of enhancing reimbursement to nursing facilities for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.), the office shall cease collection of the quality assessment under this SECTION.

(k) To implement this SECTION, the office shall adopt rules under IC 4-22-2.

(l) Not later than July 1, 2003, the office shall do the following:

(1) Request the United States Department of Health and Human Services under 42 CFR 433.72 to approve waivers of 42 CFR 433.68(c) and 42 CFR 433.68(d) by demonstrating compliance with 42 CFR 433.68(e)(2)(ii).

(2) Submit any state Medicaid plan amendments to the United States Department of Health and Human Services that are necessary to implement this SECTION.

(m) After approval of the waivers and state Medicaid plan amendment applied for under this SECTION, the office shall implement this SECTION effective July 1, 2003.

(n) The select joint commission on Medicaid oversight, established by IC 2-5-26-3, shall review the implementation of this SECTION. The office may not make any change to the reimbursement for nursing facilities unless the select joint commission on Medicaid oversight recommends the reimbursement change.

(o) A nursing facility or a health facility may not charge the facility's residents for the amount of the quality assessment that the facility pays under this SECTION.

(p) The office may withdraw a state plan amendment submitted under this SECTION only if the office determines that failure to withdraw the state plan amendment will result in the expenditure of state funds not funded by the quality assessment.

(q) If a health facility fails to pay the quality assessment under this SECTION not later than ten (10) days after the date the payment is due, the health facility shall pay interest on the quality assessment at the same rate as determined under IC 12-15-21-3(6)(A).

(r) The office shall report to the state department of health each nursing facility and each health facility that fails to pay the quality assessment under this SECTION not later than one hundred twenty (120) days after payment of the quality assessment is due.

(s) The state department of health shall do the following:

(1) Notify each nursing facility and each health facility reported under subsection (r) that the nursing facility's or health facility's license under IC 16-28 will be revoked if the quality assessment is not paid.

(2) Revoke the nursing facility's or health facility's license under IC 16-28 if the nursing facility or the health facility fails to pay the quality assessment.

(t) An action taken under subsection (s)(2) is governed by:

(1) IC 4-21.5-3-8; or

(2) IC 4-21.5-4.

(u) The office shall report the following information to the select joint commission on Medicaid oversight established by IC 2-5-26-3 at every meeting of the commission:

(1) Before the quality assessment is approved by the United States Centers for Medicare and Medicaid Services:

(A) an update on the progress in receiving approval for the quality assessment; and

(B) a summary of any discussions with the United States Centers for Medicare and Medicaid Services.

(2) After the quality assessment has been approved by the United States Centers for Medicare and Medicaid Services:

(A) an update on the collection of the quality assessment;

(B) a summary of the quality assessment payments owed by a nursing facility or a health facility; and

(C) any other relevant information related to the implementation of the quality assessment.

(v) This SECTION expires ~~August 1,~~ **June 30,** 2011.

SECTION 253. [EFFECTIVE UPON PASSAGE] **(a) The following definitions apply to this SECTION:**

(1) "Board" means the board of directors of the Indiana Hospital Association.

(2) "Fee" refers to the hospital assessment fee authorized by this SECTION.

(3) "Fee period" means the two (2) year state fiscal year period beginning July 1, 2011, and ending June 30, 2013.

(4) "Hospital" means an entity that meets the definition set forth in IC 16-18-2-179(b) and is

licensed under IC 16-21-2. This term may include a private psychiatric hospital licensed under IC 12-25. The term does not include the following:

(A) A state mental health institution operated under IC 12-24-1-3.

(B) A hospital:

(i) designated by the Medicaid program as a long term care hospital; or

(ii) that has an average inpatient length of stay that is greater than twenty-five (25) days, as determined by the office of Medicaid policy and planning under the Medicaid program.

(iii) A Medicare certified freestanding rehabilitation hospital.

(iv) A hospital operated by the federal government.

(5) "Office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) Subject to subsections (c) and (g), the office may charge a hospital assessment fee to hospitals under this SECTION during the fee period if the following conditions are met:

(1) For the purposes described in this SECTION.

(2) The Medicaid state plan amendments and waiver requests required for the implementation of this SECTION are submitted by the office to the United States Department of Health and Human Services before October 1, 2011.

(3) The United States Department of Health and Human Services approves the Medicaid state plan amendments and waiver requests described in subdivision (2) not later than October 1, 2012 and with a retroactive implementation of July 1, 2011.

(4) The funds generated from the fee do not revert to the general fund.

(c) The office shall stop collecting a fee described in this SECTION if any of the following occur:

(1) An appellate court makes a final determination that either:

(A) the fee described in this SECTION; or

(B) the program referred to in subsection (f);

cannot be implemented or maintained.

(2) The United States Department of Health and Human Services makes a final determination that the Medicaid state plan amendments or waivers submitted under subsection (b) are not approved or cannot be validly implemented.

(3) The fee is not collected because of circumstances described in subsections (i).

(d)The office shall keep records of the fees collected by the office and report the amount of fees collected under this SECTION.

(e) The office may not assess a fee described in this SECTION to a hospital after the fee period.

(f) Subject to subsection (g), the office shall develop the following programs designed to increase, to the extent allowable under federal law Medicaid reimbursement for inpatient and outpatient hospital services provided by a hospital during the fee period to Medicaid recipients:

(1) A program concerning reimbursement for the Medicaid fee-for-service program that, in the aggregate, will result in payments equivalent to the level of reimbursement that would be paid under federal Medicare payment principles.

(2) A program concerning reimbursement for the Medicaid risk based managed care program that, in the aggregate, will result in payments equivalent to the level of reimbursement that would be paid under federal Medicare payment principles.

(g) The office shall not submit to the United States Department of Health and Human Services any Medicaid state plan amendments, waiver requests, or any revisions to any Medicaid state plan amendments or waiver requests, to implement or continue the implementation of this SECTION until the board has reviewed and approved the amendments or waivers described in this subsection, including the following:

(1) The methodology to be used by the office in calculating the increased Medicaid reimbursement under the programs described in subsection (f).

(2) The methodology to be used by the office in calculating, imposing, collecting, or any other matter relating to the fee authorized by this SECTION.

(3) The determination of Medicaid disproportionate share allotments for the fee period under subsection (m) that are to be funded by the fee authorized by this SECTION, including the formula for distributing the Medicaid disproportionate share payments.

(4) The distribution to private psychiatric institutions under subsection (o).

(h) This subsection applies to the programs described in subsection (f). The state share dollars for the programs shall consist of the following:

(1) Fees paid under this SECTION.

(2) The hospital care for the indigent funds allocated under subsection (l).

(3) Other sources of state share dollars available to the office, excluding intergovernmental transfers of funds made by or on behalf of a hospital.

The money described in subdivisions (1) and (2) may only be used to fund the portion of the payments that are in excess to the Medicaid reimbursement rates in effect on June 30, 2011.

(i) This subsection applies to the programs described in subsection (f). If the state is unable to maintain the funding under subsection (h)(3) for the payments at Medicaid reimbursement levels in effect on June 30, 2011 because of budgetary constraints, then the office shall reduce inpatient and outpatient hospital Medicaid reimbursement rates under subsection (f)(1) or (f)(2) or request from the board and the United States Department of Health and Human Services to increase the fee to prevent a decrease in Medicaid reimbursement for hospital services. If:

(1) the board:

(A) does not approve a reimbursement reduction; or

(B) does not approve an increase in the fee; or

(2) the United States Department of Health and Human Services does not approve an increase in the fee;

the office shall cease to collect the fee.

(j) Before August 1, 2011, the office shall submit to the board a written report that includes the following concerning the portion of the program described in subsection (f)(2):

(1) A reasonable estimate of the Medicaid managed care organization payments for hospital services during the fee period that will be attributable to state share dollars resulting from the fee to be collected under this SECTION. The estimate may not include payments for services provided to:

(A) adults enrolled in the Indiana check-up plan established by IC 12-15-44.2; or

(B) individuals enrolled in Medicaid who would have been receiving services under the Medicaid fee-for-service program before changes to state or federal law or policies that occur after March 1, 2011.

(2) The extent to which payments under the program will be limited by or otherwise affected by the Indiana "Special Terms and Conditions" Medicaid demonstration project (Number 11-W-00237/5), including any:

(A) trend rate amount or percentage;

(B) per member per month amount; or

(C) any other limitations established by this demonstration project.

(3) Detailed explanations of any estimates, calculations, and conclusions included in the report.

(k) This subsection is effective at the time the fee becomes effective. The hospital Medicaid fee fund is established for the purpose of holding fees collected under this SECTION that are not necessary to match federal funds. The office shall administer the fund. Money in the fund at the end of a state fiscal year does not revert to the state general fund. However, money remaining in the fund after June 30, 2012 shall be used for the purposes described in subsections (h) and (m). Any money not required for the purposes described in subsections (h) and (m) upon the expiration of

this SECTION or at the cessation of collection of the fee under subsection (c) shall be distributed to the hospitals on a pro rata basis based upon the fees paid by each hospital.

(l) This subsection:

(1) is effective upon implementation of the fee authorized by this SECTION; and

(2) does not apply to funds under IC 12-16-17.

Notwithstanding any other law, the portion of the amounts appropriated for the hospital care for the indigent program for previous years or the fee period that are not required to be paid to the office by law are allocated for use exclusively as state share dollars for the purposes described in subsections (h) and (m). Any money remaining that are not required for purposes described in subsection (h) and (m) upon the expiration of this SECTION or the cessation of the collection of the fee shall be distributed to the hospitals on a pro rata basis based upon the fees paid by each hospital.

(m) This subsection:

(1) is effective upon the implementation of the fee authorized by this SECTION; and

(2) applies to the Medicaid disproportionate share payments for the fee period.

The state share dollars used to fund disproportionate share payments to acute care hospitals licensed under IC 16-21-2 that qualify as disproportionate share providers or municipal disproportionate share providers under IC 12-15-16-1(a) or IC 12-15-16-1(b) shall be paid with money collected by the fee under this SECTION and the hospital care for the indigent dollars described in subsection (l). Subject to subsection (n) and except as provided in subsection (n), the federal Medicaid disproportionate share allotments for the fee period shall be allocated in their entirety to acute care hospitals licensed under IC 16-21-2 that qualify as disproportionate share providers or municipal disproportionate share providers under IC 12-15-16-1(a) or IC 12-15-16-1(b). No portion of the federal disproportionate share allotments applicable for disproportionate share payments for the fee period shall be allocated to institutions for mental disease, as defined by applicable federal law.

(n) For purposes of this SECTION, the entire federal Medicaid disproportionate share allotment for Indiana during the fee period does not include the portion of allotments that are required to be diverted under the following:

(1) The federally-approved Indiana "Special Terms and Conditions" Medicaid demonstration project (Number 11-W-00237/5).

(2) Any extension past December 31, 2012 of the Indiana check-up plan Medicaid waiver established by IC 12-15-44.2.

The office shall inform the board concerning any extension of the Indiana check-up plan past December 31, 2012.

(o) Notwithstanding IC 12-15-16-6(c), for the fee period, the annual two million dollars ($2,000,000) pool of disproportionate share dollars under IC 12-15-16-6(c) shall not be available to eligible private psychiatric institutions. The office shall distribute two million dollars ($2,000,000) in total to eligible private psychiatric institutions that would have been eligible for payment under IC 12-15-16-6(c).

(p) The fees collected under this SECTION may be used only as described in this SECTION or to pay the state's share of the cost for Medicaid services provided under the federal Medicaid program (42 U.S.C. 1396 et seq) as follows:

(1) Twenty-six percent (26%) may be used by the office for Medicaid expenses.

(2) Seventy-four percent (74%) to hospitals.

(q) Nothing in this SECTION may be construed to authorize any county, municipality, district, authority to impose a fee, tax, or assessment on a hospital.

(r) Subject to subsection (g), the office shall adopt rules, including emergency rules under IC 4-22-2-37.1, necessary to implement this SECTION. Rules adopted under this subsection may be retroactive to the effective date of the Medicaid state plan amendments or waivers approved

under this SECTION.

(s) The office may enter into an agreement with a hospital to pay the fee collected under this SECTION in installments.

(t) If a hospital fails to pay the fee established under this SECTION within ten (10) days of the payment date, the hospital shall pay to the office interest on the fee at the same rate as the rate determined under IC 12-15-21-3(6)(A).

(u) The office shall report to the state department of health each hospital that fails within one hundred twenty (120) days of the date the payment is due to pay the fee established under this SECTION. The state department shall do the following concerning a hospital described in this subsection:

(1) Notify the hospital that the hospital's licensed under IC 16-21 will be revoked if the fee is not paid.

(2) Revoke the hospital's license under IC 16-21 if the hospital fails to pay the fee. IC 4-21.5-3-8 and IC 4-21.5-4 apply so this subdivision.

(v) Payments made under this SECTION shall be limited to claims for dates of services provided during the fee period and that are timely filed with the office or a contractor of the office. Payments for the programs described in subsection (f) during the fee period and distributions to hospitals in accordance with this SECTION may occur after the expiration of this SECTION.

(w) This SECTION expires September 1, 2013. However, the office may not assess a hospital a fee described in this SECTION after June 30, 2013.

SECTION 254. [EFFECTIVE JUNE 30, 2010 (RETROACTIVE)]: **(a) The definitions of "vacation leave", "sick leave", and other types of leave used on July 1, 2010, by the department apply to this SECTION.**

(b) As used in this SECTION, "department" refers to the state personnel department established by IC 4-15-1.8-2.

(c) As used in this SECTION, "pilot program" refers to the pilot program reestablished under subsection (d).

(d) The personnel committee of the legislative council for the legislative branch of state government or the Indiana supreme court for the judicial branch of state government, or both, may reestablish the pilot program established by P.L.220-2005, SECTION 8 (before its expiration), and P.L.220-2005, SECTION 10 (before its expiration), including provisions adopted by:

(1) the deferred compensation committee (established by IC 5-10-1.1-4) to govern the pilot program;

(2) the department under LSA Document #06-488(E) (before its expiration), filed with the publisher of the Indiana Register on October 16, 2006, to govern the pilot program; or

(3) the auditor of state to administer the pilot program.

(e) An individual who:

(1) was employed by the legislative or judicial branch of state government during the state's 2010 open enrollment period;

(2) would have been eligible during the state's 2010 open enrollment period to participate in the pilot program under the provisions of the program before the program's expiration; and

(3) continues to be employed by the legislative or judicial branch of state government;

is entitled to elect to participate in the pilot program and to make a leave conversion not later than June 30, 2011, based on the individual's leave balance on December 31, 2010. A leave conversion elected under this subsection by an eligible individual is in addition to any other leave conversion that the individual is otherwise authorized to make under the pilot program.

(f) Subject to the Internal Revenue Code and applicable regulations, the personnel committee of the legislative council or the Indiana supreme court, or both, may adopt procedures to implement and administer the pilot program, including provisions established or reestablished under

subsections (d) and (e).

(g) The auditor of state shall provide for the administration of the pilot program.

(h) This SECTION expires June 30, 2013.

SECTION 255. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies only to Marion County.**

(b) The county may for property taxes first due and payable in 2012 impose a property tax levy as provided in this SECTION. The property tax levy under this SECTION may not be imposed for any year after 2012.

(c) A property tax levy imposed under this SECTION:

(1) is in addition to any other property tax levies imposed by the county; and

(2) shall not be considered as part of the county's property tax levy for purposes of applying the limitations under IC 6-1.1-18.5.

(d) The department of local government finance shall determine the difference between the following:

(1) The result of:

(A) the total amount of expenses paid by the county after December 31, 2008, for child services (as defined in IC 12-19-7-1, before its repeal) and for other services described in IC 31-40-1-2 (as effective December 31, 2008) that would have been payable from the county's family and children's fund if IC 12-19-7 had not been repealed by P.L.146-2008; minus

(B) the sum of:

(i) the unencumbered balance on December 31, 2008, of the county's family and children's fund; plus

(ii) any delinquent property tax payments and other amounts collected by the county after December 31, 2008, that would have been deposited in the county's family and children's fund if IC 12-19-7 had not been repealed by P.L.146-2008.

(2) The amount of the property tax levy imposed by the county in 2009 under SECTION 823(e) of P.L.146-2008.

(e) The amount of a property tax levy imposed by the county under this SECTION may not exceed the difference determined under subsection (d).

(f) Property taxes collected from a property tax levy imposed by the county under this SECTION shall be deposited in the county general fund.

(g) This SECTION expires June 30, 2012.

SECTION 256. [EFFECTIVE JULY 1, 2011] **(a) Notwithstanding IC 6-1.1-18.5-1, the following townships may request that the department of local government finance make an adjustment to its maximum permissible property tax levy for property taxes first due and payable in 2012:**

(1) Washington Township, Allen County.

(2) Lafayette Township, Allen County.

(3) Fairfield Township, Tippecanoe County.

The request by a township under this SECTION must be filed before September 1, 2011.

(b) The amount of the requested adjustment may not exceed the difference between:

(1) the civil taxing unit's maximum permissible property tax levy for the calendar year in which the civil taxing unit used cash balances that resulted in a reduction in the civil taxing unit's maximum permissible property tax levy the following year; minus

(2) the civil taxing unit's 2011 maximum permissible ad valorem property tax levy.

(c) If a civil taxing unit makes a request for an adjustment in an amount not exceeding the limit prescribed by subsection (b), the department of local government finance shall make the adjustment to the civil taxing unit's maximum permissible ad valorem property tax levy for 2012.

(d) The maximum permissible property tax levy determined under this SECTION for 2012 shall

be used as the basis for determining the civil taxing unit's maximum permissible property tax levy for property taxes first due and payable after 2012.

(e) This SECTION expires January 1, 2014.

SECTION 257. [EFFECTIVE UPON PASSAGE] **(a) The Indiana state board of education shall amend its rules, including 511 IAC 6-7.1-3, as necessary to permit a student to elect to graduate and qualify for a Mitch Daniels early graduation scholarship, as provided in IC 21-12-10, as added by this act.**

(b) The Indiana state board of education may adopt temporary rules in the manner provided for adopting an emergency rule under IC 4-22-2-37.1 to implement this SECTION and IC 21-12-10, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

(1) The date specified in the temporary rule.

(2) The date another temporary rule or a permanent rule repeals or supersedes the previously adopted temporary rule.

(3) July 1, 2012.

(c) This SECTION expires July 1, 2012.

SECTION 258. [EFFECTIVE UPON PASSAGE] **(a) The Council of State Governments is exempt from the gross retail and use taxes imposed under IC 6-2.5 for any transaction in which food or beverage is furnished, prepared, or served to any person under a contract with the Council of State Governments in connection with the sixty-sixth annual meeting of the Midwestern Legislative Conference to be held in July 2011. A caterer or other contractor is not required to collect or remit taxes under IC 6-2.5 or IC 6-9 for a transaction that is exempt under this SECTION. If the Council of State Governments provides an exemption certificate issued under IC 6-2.5 to a caterer or other contractor for a transaction that is exempt under this SECTION, the caterer or other contractor shall not collect or remit any taxes that would otherwise be imposed under IC 6-2.5 or IC 6-9 for the transaction.**

(b) The exemption provided under this SECTION does not apply to any purchase by attendees that is not paid for directly by the Council of State Governments.

(c) The general assembly finds that:

(1) the general assembly is a member of the Council of State Governments and the host for the Midwestern Legislative Conference to be held in July 2011;

(2) notwithstanding the exemptions provided in this SECTION, the sixty-sixth annual meeting of the Midwestern Legislative Conference will generate a significant economic impact for Indiana and additional revenues from taxes affected by this SECTION; and

(3) the exemptions provided in this SECTION will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases payable from those taxes.

(d) This SECTION expires September 1, 2011.

SECTION 259. [EFFECTIVE JULY 1, 2011] **(a) On July 1, 2011, 31 IAC 1 is void. The publisher of the Indiana Administrative Code and Indiana Register shall remove this article from the Indiana Administrative Code.**

(b) On July 1, 2011, the following rules are void:

(1) 31 IAC 2-1.

(2) 31 IAC 2-2.

(3) 31 IAC 2-4.

(4) 31 IAC 2-5.

(5) 31 IAC 2-6.

(6) 31 IAC 2-7.

(7) 31 IAC 2-8.

(8) 31 IAC 2-10.
(9) 31 IAC 2-12.
(10) 31 IAC 2-13.
(11) 31 IAC 2-15.
(12) 31 IAC 2-16.
(13) 31 IAC 2-17.1.
(14) 31 IAC 2-18.
(15) 31 IAC 4-3.
(16) 31 IAC 4-5.
(17) 31 IAC 4-6.

The publisher of the Indiana Administrative Code and Indiana Register shall remove these rules from the Indiana Administrative Code.

(c) On July 1, 2011, 31 IAC 4-8-2 and 31 IAC 4-8-3 are void. The publisher of the Indiana Administrative Code and Indiana Register shall remove these sections from the Indiana Administrative Code.

(d) This SECTION expires July 2, 2011.

SECTION 260. [EFFECTIVE JULY 1, 2011] **(a) The legislative services agency shall prepare legislation for introduction in the 2012 regular session of the general assembly to organize and correct statutes affected by this act, including the updating of references and cross-references to:**

(1) the state personnel department under IC 4-15-1.8 (before its repeal); and
(2) the 1941 State Personnel Act (commonly known as the state merit system) under IC 4-15-2 (before its repeal).

(b) This SECTION expires June 30, 2013.

SECTION 261. [EFFECTIVE JUNE 1, 2011] **(a) The interest free loan made from the public deposits insurance fund to the state general fund under P.L.224-2003, SECTION 116(a), does not have to be repaid to the public deposits insurance fund and the loan is cancelled on June 30, 2011. Notwithstanding the expiration of this SECTION under subsection (b), the cancellation of the loan provided by this subsection is not affected.**

(b) This SECTION expires January 1, 2014.

SECTION 262. [EFFECTIVE UPON PASSAGE] **(a) The commission on state tax and financing policy established under IC 2-5-3 shall, during the 2011 legislative interim, study issues related to transit funding and whether and to what extent transit funding should be a state or local responsibility.**

(b) Before November 1, 2011, the commission on state tax and financing policy shall report its findings and any recommendations concerning the study topics described in subsection (a) in a final report to the legislative council in an electronic format under IC 5-14-6.

(c) This SECTION expires January 1, 2012.

SECTION 263. [EFFECTIVE UPON PASSAGE] **(a) The division of state court administration shall study the following topics and shall report the division's findings and recommendations to the budget committee before December 1, 2011:**

(1) The use of diversion and deferral programs in Indiana.
(2) The use of plea bargaining in Indiana.

(b) This SECTION expires July 1, 2012.

SECTION 264. [EFFECTIVE UPON PASSAGE] **(a) The budget agency shall study the following topics and shall report its findings and recommendations to the budget committee before December 1, 2011:**

(1) The funding of Indiana's law enforcement training academies.
(2) The use and effectiveness of Indiana's law enforcement training academies.

(b) This SECTION expires July 1, 2012.

SECTION 265. [EFFECTIVE JULY 1, 2011] **(a) The commission for higher education, established under IC 21-18-2, shall study the following issues:**

(1) The repair and rehabilitation funding formula being used for the 2011-2013 biennium.

(2) Ivy Tech Community College's plan, as of July 1, 2011, to accommodate growth in enrollment and its campuses.

(b) Before December 1, 2011, the commission for higher education shall submit a written report of its findings and any recommendations concerning the study topics described in subsection (a) to the state budget committee.

(c) This SECTION expires January 1, 2012.

SECTION 266. [EFFECTIVE JULY 1, 2011] **The budget agency shall separately calculate the annual, projected growth in appropriated dollars for the:**

(1) twenty-first century scholars program (IC 21-12-6);

(2) tuition and fee exemption for children of veterans program (IC 21-14-4);

(3) tuition and fee exemption for children and spouses of National Guard members program (IC 21-14-7); and

(4) tuition and fee exemption for Purple Heart recipients program (IC 21-14-10);

for each state fiscal year beginning July 1, 2013, through June 30, 2031, using the appropriated amount for each program for the state fiscal year beginning July 1, 2012, and report the annual, projected growth in appropriated dollars for each program to the budget committee before October 1, 2011.

SECTION 267. [EFFECTIVE JULY 1, 2011] **(a) As used in this SECTION, "office of the secretary" refers to the office of the secretary of family and social services established by IC 12-8-1-1.**

(b) As used in this SECTION, "PPACA" refers to the federal Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (P.L. 111-152), and regulations or guidance issued under those acts, as in effect July 1, 2011.

(c) The office of the secretary may apply for and implement a Medicaid waiver during the 2011 or the 2012 interim of the general assembly if the following conditions are met:

(1) The waiver concerns the implementation of PPACA.

(2) The office of the secretary reports to the budget committee before filing a waiver application described in subdivision (1).

(d) This SECTION expires December 31, 2012.

SECTION 268. [EFFECTIVE JULY 1, 2011] **(a) As used in this SECTION, "office of the secretary" refers to the office of the secretary of family and social services established by IC 12-8-1-1.**

(b) The office of the secretary may, during the 2011 or the 2012 interim of the general assembly, apply to the federal Department of Health and Human Services for, and implement, block grant funding for the administration of the Medicaid program if the following conditions are met:

(1) The Medicaid block grant funding is adopted by federal law or regulation.

(2) The office of the secretary reports to the budget committee before implementing the block grant described in this SECTION.

(c) This SECTION expires December 31, 2012.

SECTION 269. [EFFECTIVE JULY 1, 2011] **(a) On July 1, 2011, the following administrative rules are void:**

(1) 405 IAC 5-12 (chiropractic services).

(2) 405 IAC 5-31-8 (reservation of nursing facility beds).

The publisher of the Indiana Administrative Code and Indiana Register shall remove the provisions described in subdivisions (1) and (2) from the Indiana Administrative Code.

(b) This SECTION expires June 30, 2013.

SECTION 270. [EFFECTIVE JULY 1, 2011] **(a) The state department of health shall do the following:**

(1) Develop procedures and protocols for the implementation of IC 16-41-17-2(c), as amended by this act.

(2) Report, not later than October 31, 2011, to the legislative council created by IC 2-5-1.1-1 the following information concerning pulse oximetry screening of newborns required by IC 16-41-17-2(c), as amended by this act:

(A) The costs of implementing IC 16-41-17-2(c), as amended by this act.

(B) The identification of any funding sources available to the state department for the screening.

(C) The procedures and protocols developed under subdivision (1).

The report under subdivision (2) must be in an electronic format under IC 5-14-6.

(b) This SECTION expires December 31, 2011.

SECTION 271. P.L. 182-2009(ss), SECTION 498, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2011]: (a) Notwithstanding any other law or agreement, Brown County School Corporation is not required to make principal or interest payments during the state fiscal years beginning:

(1) July 1, 2009; ~~and~~

(2) July 1, 2010;

(1) July 1, 2011; and

(2) July 1, 2012;

on any loan received by the school corporation from the counter-cyclical revenue and economic stabilization fund (rainy day fund).

(b) The repayment term of the loan shall be extended as necessary to take into account the waiver described in subsection (a).

(c) This SECTION expires January 1, ~~2012.~~ **2014.**

SECTION 272. [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] **(a) IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6, and IC 6-5.5-1-2, all as amended by this act, apply to taxable years beginning after December 31, 2010.**

(b) This SECTION expires January 1, 2013.

SECTION 273. **An emergency is declared for this act.**

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1001, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, delete line 40, begin a new line and insert:

"**Personal Services 56,979,814 56,979,814**".

Page 8, delete line 43, begin a new line and insert:

"**Personal Services 24,468,828 24,468,828**".

Page 13, delete line 37, begin a new line and insert:

"**Total Operating Expense 2,000,000**".

Page 13, delete line 47, begin a new line and insert:

"**Total Operating Expense 0 15,000,000**".

Page 17, delete line 21, begin a new line and insert:

"**Total Operating Expense 6,210,000 6,210,000**".

Page 17, delete line 25, begin a new line and insert:

"**Total Operating Expense 4,968,000 4,968,000**".

Page 17, delete line 29, begin a new line and insert:

"**Total Operating Expense 648,000 648,000**".

Page 19, delete line 13, begin a new line and insert:

"**Total Operating Expense 1,000,000 1,000,000**".

Page 19, delete line 32, begin a new line and insert:

"**Other Operating Expense 12,724,840 14,024,840**".

Page 20, line 48, delete "$30" and insert "**$35**".

Page 21, between lines 15 and 16, begin a new line and insert:

"**POSTSECONDARY CORRECTIONAL EDUCATION**

Other Operating Expense 3,915,000 3,915,000

The above appropriations for postsecondary correctional education shall be used by the department of correction to offer associate's degrees, workforce certificates, or other vocational programs to incarcerated persons.".

Page 33, between lines 10 and 11, begin a new line and insert:

"**LINCOLN PRODUCTION**

Total Operating Expense 220,000 220,000".

Page 36, between lines 6 and 7, begin a new line and insert:

"**Augmentation allowed.**".

Page 49, between lines 26 and 27, begin a new line and insert:

"**Indiana Twenty-First Century Research and Technology Fund (IC 5-28-16-2)**".

Page 51, delete line 15, begin a new line and insert:

"**Total Operating Expense 35,031,051 36,628,678**".

Page 54, delete line 33, begin a new line and insert:

"**Formal Contracts Expense 530,000,000 50,000,000**".

Page 56, delete line 18, begin a new line and insert:

"**Total Operating Expense 1,747,200,000 1,892,900,000**".

Page 61, delete line 4, begin a new line and insert:

"**Total Operating Expense 44,053,605 48,765,643**".

Page 61, line 7, after "waiver." insert "**The intragovernmental transfers for use in the Medicaid aged and disabled waiver may not exceed in the state fiscal year beginning July 1, 2011, and ending June 30, 2012, twenty-five million eight hundred thousand dollars ($25,800,000) and in the state fiscal year beginning July 1, 2012, and ending June 30, 2013, twenty-five million eight hundred thousand dollars ($25,800,000).**".

Page 61, line 16, delete "year; and" and insert "**year, including a separate count of individuals who received no services other than case management services (as defined in 460 IAC 1.2-4-10) during the preceding fiscal year;**".

Page 61, line 18, delete "year." and insert "**year, including a separate calculation of the average annual per recipient cost of individuals who received no services other than case management services (as defined in 460 IAC 1.2-4-10) during the preceding fiscal year;**

(3) a comparative analysis of the average annual per recipient cost to the state during the preceding fiscal year of providing home and community based services to individuals receiving services through the C.H.O.I.C.E. program and to individuals receiving services through the Medicaid aged and disabled waiver program;

(4) an estimate of the number of recipients of home and community based services who would have been placed in long term care facilities during the preceding fiscal year had they not received home and community based services; and

(5) an estimate of the total cost savings during the preceding fiscal year realized by the state due to recipients of home and community based services (including Medicaid) being diverted from long term care facilities.".

Page 62, delete line 11, begin a new line and insert:

"**accessABILITY CENTER FOR INDEPENDENT LIVING**".

Page 65, between lines 5 and 6, begin a new line and insert:

"**Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)**".

Page 68, delete line 12, begin a new line and insert:

"**Total Operating Expense 8,051,037 8,051,037**".

Page 68, line 14, delete "75%" and insert "**85%**".

Page 69, delete line 21, begin a new line and insert:

"**Total Operating Expense 179,823,196 179,823,196**".

Page 69, delete line 26, begin a new line and insert:

"**Total Operating Expense 8,330,921 8,330,921**".

Page 69, delete line 30, begin a new line and insert:

"**Total Operating Expense 11,354,682 11,354,682**".

Page 69, delete line 34, begin a new line and insert:

"**Total Operating Expense 16,275,368 16,275,368**".

Page 69, delete line 38, begin a new line and insert:

"**Total Operating Expense 21,756,890 21,756,890**".

Page 69, delete line 42, begin a new line and insert:

"Total Operating Expense 18,976,859 18,976,859".

Page 69, delete line 46, begin a new line and insert:

"89,819,501 90,030,680".

Page 70, delete lines 2 through 3, begin a new line and insert:

"Total Operating Expense 100,291,194 100,291,194
Fee Replacement 2,919,493 3,405,551".

Page 70, delete lines 34 through 35, begin a new line and insert:

"Total Operating Expense 84,389,612 84,389,612
Fee Replacement 12,609,727 14,709,082".

Page 70, delete line 38, begin a new line and insert:

"212,357,689 214,943,102"

Page 71, between lines 2 and 3, begin a new line and insert:

"MEDICAL EDUCATION CENTER EXPANSION
Total Operating Expense 2,000,000 2,000,000
The above appropriations for medical education center expansion are intended to help increase medical school class size on a statewide basis. The funds shall be used to help increase enrollment and to provide clinical instruction. The funds shall be distributed to the nine (9) existing medical education centers in proportion to the increase in enrollment for each center.".

Page 71, delete lines 22 through 23, begin a new line and insert:

"Total Operating Expense 234,479,193 234,479,193
Fee Replacement 25,150,230 25,971,198".

Page 71, delete line 27, begin a new line and insert:

"Total Operating Expense 26,844,940 26,844,940".

Page 71, delete line 31, begin a new line and insert:

"Total Operating Expense 13,073,588 13,073,588".

Page 71, delete line 34, begin a new line and insert:

"41,408,586 41,408,300".

Page 71, delete line 38, begin a new line and insert:

"Total Operating Expense 38,563,050 38,563,050".

Page 72, delete line 12, begin a new line and insert:

"Total Operating Expense 6,692,010 6,692,010".

Page 72, delete line 15, begin a new line and insert:

"Total Operating Expense 6,696,039 6,696,039".

Page 72, delete line 21, begin a new line and insert:

"Total Operating Expense 1,747,361 1,747,361".

Page 72, delete line 24, begin a new line and insert:

"Total Operating Expense 67,650,483 67,650,483".

Page 72, delete lines 31 through 32, begin a new line and insert:

"Total Operating Expense 40,109,493 40,109,493
Fee Replacement 10,998,767 11,567,417".

Page 72, delete lines 38 through 39, begin a new line and insert:

"Total Operating Expense 118,723,016 118,723,016
Fee Replacement 14,418,557 14,731,545".

Page 72, delete line 42, begin a new line and insert:

"Total Operating Expense 1,666,000 1,666,000".

Page 72, delete line 45, begin a new line and insert:

"**Total Operating Expense 3,953,298 3,953,298**".

Page 72, delete line 48, begin a new line and insert:

"**Total Operating Expense 36,492,378 36,492,378**".

Page 73, delete lines 3 through 4, begin a new line and insert:

"**Total Operating Expense 186,417,941 186,417,941**
Fee Replacement 29,817,924 30,877,963".

Page 75, delete lines 20 through 26, begin a new line and insert:

"**SOUTHERN INDIANA EDUCATIONAL ALLIANCE**
Build Indiana Fund (IC 4-30-17)
Total Operating Expense 1,090,452 1,090,452".

Page 75, delete line 47, begin a new line and insert:

"**Total Operating Expense 50,350,913 50,350,913**".

Page 75, delete line 49, begin a new line and insert:

"**Total Operating Expense 147,666,658 147,666,658**".

Page 76, delete line 39, begin a new line and insert:

"**Total Operating Expense 7,851,835 7,851,835**".

Page 78, between lines 13 and 14, begin a new line and insert:

"**PUBLIC TELEVISION DISTRIBUTION**
Total Operating Expense 1,610,000 1,610,000
The above appropriations are for grants for public television. The Indiana Public Broadcasting Stations, Inc., shall submit a distribution plan for the eight Indiana public education television stations that shall be approved by the budget agency after review by the budget committee. Of the above appropriations, $184,000 each year shall be distributed equally among all of the public radio stations.".

Page 79, delete line 27, begin a new line and insert:

"**Total Operating Expense 6,247,700,000 6,247,700,000**".

Page 83, delete line 20, begin a new line and insert:

"**Other Operating Expense 2,500,000 2,500,000**".

Page 83, line 24, after "Indiana." insert "**In addition, the above appropriation includes $50,000 each state fiscal year for the Center for Evaluation and Education Policy.**".

Page 91, delete line 6, begin a new line and insert:

"**65,950,840**".

Page 91, delete line 24, begin a new line and insert:

"**TOTAL 631,291,071**".

Page 96, delete lines 27 through 44.

Page 98, line 11, after "than" insert "**July 31, 2012, and**".

Page 98, line 11, delete "a" and insert "**each**".

Page 98, line 11, delete "year," and insert "**year that begins after June 30, 2012,**".

Page 98, line 17, delete "year," and insert "**year beginning after June 30, 2012,**".

Page 98, line 36, beginning with "(A)" begin a new line double block indented.

Page 98, line 37, beginning with "(B)" begin a new line double block indented.

Page 99, delete lines 6 through 47, begin a new paragraph and insert:

"SECTION 38. IC 4-35-7-12, AS AMENDED BY P.L.142-2009, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. (a) The Indiana horse racing commission shall enforce the requirements of this section.

(b) ~~Except as provided in subsections (j) and (k),~~ A licensee shall ~~before the fifteenth day of each month devote to the gaming integrity fund, horse racing purses, and to horsemen's associations an amount equal to~~ **distribute** fifteen percent (15%) of the adjusted gross receipts of the slot machine wagering ~~from the previous month~~ at the licensee's racetrack **in conformity with this section.** The Indiana horse racing commission may not use any of ~~this~~ **the** money **it receives under this section** for any administrative purpose or other purpose of the Indiana horse racing commission, and the entire amount of the money shall be distributed as provided in this section. A licensee shall pay the first two hundred fifty thousand dollars ($250,000) distributed under this section in a state fiscal year to the Indiana horse racing commission for deposit in the gaming integrity fund established by IC 4-35-8.7-3. After this money has been distributed to the Indiana horse racing commission, a licensee shall distribute the remaining money ~~devoted to horse racing purses and to horsemen's associations under this subsection~~ as follows:

(1) Five-tenths percent (0.5%) shall be transferred to horsemen's associations for equine promotion or welfare according to the ratios specified in subsection (e).

(2) Two and five-tenths percent (2.5%) shall be transferred to horsemen's associations for backside benevolence according to the ratios specified in subsection (e).

(3) ~~Ninety-seven~~ **Thirty-nine and five-tenths** percent ~~(97%)~~ **(39.5%)** shall be distributed to promote horses and horse racing as provided in subsection (d). **However, the total amount of money that may be distributed under this subdivision in a particular state fiscal year to promote horses and horse racing may not exceed twenty-seven million dollars ($27,000,000). Any amounts otherwise distributable under this subdivision that exceed twenty-seven million dollars ($27,000,000) shall be remitted to the department for deposit in the state general fund.**

(4) Fifty-seven and five-tenths percent (57.5%) shall be remitted to the department for deposit as follows:

(A) Fifteen million two hundred fifty thousand dollars ($15,250,000) available for distribution under this subdivision in a state fiscal year shall be distributed to the twenty-first century research and technology fund established by IC 5-28-16-2 for the purposes of the fund. Deposits in the twenty-first century research and technology fund under this clause shall be made during the state fiscal year on the schedule determined by the budget

agency.

(B) The amount not needed to make the deposits required under clause (A) shall be deposited in the state general fund.

The amount to be distributed from wagers made in a month under subdivisions (1) and (2) and (to the extent the distributions are to promote horses and horse racing) under subdivision (3) shall be distributed before the fifteenth day of the immediately following month. A licensee shall make the distributions to the state general fund and the twenty-first century research and technology fund before the close of the business day following the day the wagers are made. The department may require that daily distributions be remitted by electronic funds transfer (as defined in IC 4-8.1-2-7(f)). If the department requires the money to be remitted through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(c) A horsemen's association shall expend the amounts distributed to the horsemen's association under subsection (b)(1) through (b)(2) for a purpose promoting the equine industry or equine welfare or for a benevolent purpose that the horsemen's association determines is in the best interests of horse racing in Indiana for the breed represented by the horsemen's association. Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(d) A licensee shall distribute the amounts described in subsection (b)(3) as follows:

(1) Forty-six percent (46%) for thoroughbred purposes as follows:

(A) Sixty percent (60%) for the following purposes:

(i) Ninety-seven percent (97%) for thoroughbred purses.

(ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.

(iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and breeders.

(B) Forty percent (40%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

(2) Forty-six percent (46%) for standardbred purposes as follows:

(A) Fifty percent (50%) for the following purposes:

(i) Ninety-six and five-tenths percent (96.5%) for standardbred purses.

(ii) Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.

(B) Fifty percent (50%) to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:

(i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Expenditures under this subsection are subject to the regulatory requirements of subsection (f).

(e) Money distributed under subsection (b)(1) and (b)(2) shall be allocated as follows:

(1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.

(3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

(f) Money distributed under ~~this section~~ **subsection (b)(1) or (b)(2) and, to the extent the distributions are to promote horses and horse racing, subsection (b)(3)** may not be expended unless the expenditure is for a purpose authorized in this section and is either for a purpose promoting the equine industry or equine welfare or is for a benevolent purpose that is in the best interests of horse racing in Indiana or the necessary expenditures for the operations of the horsemen's association required to implement and fulfill the purposes of this section. The Indiana horse racing commission may review any expenditure of money distributed under this section to ensure that the requirements of this section are satisfied. The Indiana horse racing commission shall adopt rules concerning the review and oversight of money distributed under this section and shall adopt rules concerning the enforcement of this section. The following apply to a horsemen's association receiving a distribution of money under this section:

(1) The horsemen's association must annually file a report with the Indiana horse racing commission concerning the use of the money by the horsemen's association. The report must include information as required by the commission.

(2) The horsemen's association must register with the Indiana horse racing commission.

(g) The commission shall provide the Indiana horse racing commission with the information necessary to enforce this section.

(h) The Indiana horse racing commission shall investigate any complaint that a licensee has failed to comply with the horse racing purse requirements set forth in this section. If, after notice and a hearing, the Indiana horse racing commission finds that a licensee has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

(1) issue a warning to the licensee;

(2) impose a civil penalty that may not exceed one million dollars ($1,000,000); or

(3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

(i) A civil penalty collected under this section must be deposited in the state general fund.

~~(j) For a state fiscal year beginning after June 30, 2008, and ending before July 1, 2009, the amount of money dedicated to the purposes described in subsection (b) for a particular state fiscal year is equal to the lesser of:~~

~~(1) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; or~~

~~(2) eighty-five million dollars ($85,000,000).~~

~~If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the state general fund. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.~~

~~(k) For a state fiscal year beginning after June 30, 2009, the amount of money dedicated to the purposes described in subsection (b) for a particular state fiscal year is equal to the lesser of:~~

~~(1) fifteen percent (15%) of the licensee's adjusted gross receipts for the state fiscal year; or~~

~~(2) the amount dedicated to the purposes described in subsection (b) in the previous state fiscal year increased by a percentage that does not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the year preceding the year in which an increase is established.~~

~~If fifteen percent (15%) of a licensee's adjusted gross receipts for the state fiscal year exceeds the amount specified in subdivision (2), the licensee shall transfer the amount of the excess to the commission for deposit in the state general fund. The licensee shall adjust the transfers required under this section in the final month of the state fiscal year to comply with the requirements of this subsection.~~

(j) Notwithstanding subsections (a) through (d), an amount collected from the adjusted gross receipts from slot machine wagers made in June 2011 at a licensee's racetrack shall be distributed on the schedule and in the manner specified in this section as it was effective on June 30, 2011.

SECTION 39. IC 4-35-8-1, AS ADDED BY P.L.233-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) A graduated slot machine wagering tax is imposed as follows on the ~~adjusted gross~~ **taxable** receipts received from wagering on gambling games authorized by this article:

(1) Twenty-five percent (25%) of the first one hundred million dollars ($100,000,000) of ~~adjusted gross~~ **taxable** receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Thirty percent (30%) of the ~~adjusted gross~~ **taxable** receipts in excess of one hundred million dollars ($100,000,000) but not exceeding two hundred million dollars ($200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Thirty-five percent (35%) of the ~~adjusted gross~~ **taxable** receipts in excess of two hundred million dollars ($200,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made. **With respect to slot machine wagers made before June 30, 2011, the amount of a licensee's taxable receipts is equal to the licensee's adjusted gross receipts. With respect to slot machine wagers made after June 30, 2011, the amount of a licensee's taxable receipts for a particular day is equal to the result determined under STEP THREE of the following formula:**

STEP ONE: Determine the amount of adjusted gross receipts received by the licensee during that day.

STEP TWO: Determine the sum of:

(A) the licensee's deduction amount determined for that day under subsection (f); and

(B) the licensee's supplemental deduction amount determined for that day under subsection (g).

STEP THREE: Determine the result of the STEP ONE amount minus the STEP TWO amount.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

(f) This section applies to slot machine wagers made under this article after June 30, 2011. A licensee's deduction amount for a particular day is equal to fifty-seven and five-tenths percent (57.5%) of the amount that the licensee distributed under IC 4-35-7-12 from wagers made for that day.

(g) This section applies to slot machine wagers made under this article after June 30, 2011. A licensee's supplemental deduction amount for the period beginning July 1 of each year and ending June 30 of the following year is equal to the amount that the licensee distributed under IC 4-35-7-12(b)(3) to the state general fund, as determined by the budget agency, from wagers made for the period beginning July 1 of each year and ending June 30 of the following year. A licensee's supplemental deduction amount for a particular day is equal to the amount that the licensee distributed under IC 4-35-7-12(b)(3) to the state general fund, as determined by the budget agency, from wagers made for that day.".

Delete page 100.

Page 101, delete lines 1 through 15.

Page 101, line 20, after "IC 4-35-7-12." insert "**Fifteen percent**

(15%) of the money deposited in the fund shall be transferred to the Indiana state board of animal health to be used by the state board to pay the costs associated with equine health and equine care programs under IC 15-17.".

Page 104, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 45. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2008, SECTION 317, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) Ninety-nine and ~~one hundred seventy-eight~~ **two hundred ninety-seven** thousandths percent ~~(99.178%)~~ **(99.297%)** of the collections shall be paid into the state general fund.

(2) ~~Sixty-seven hundredths of one~~ **Five hundred fifty-one thousandths** percent ~~(0.67%)~~ **(0.551%)** of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(3) Twenty-nine thousandths of one percent (0.029%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

(4) One hundred twenty-three thousandths of one percent (0.123%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.".

Page 104, line 15, after "(a)" insert "**This section applies to taxable years that end in a state fiscal year beginning after June 30, 2012. (b)**".

Page 104, line 18, delete "(b)" and insert "**(c)**".

Page 104, line 23, delete "(c)" and insert "**(d)**".

Page 104, line 25, delete "(d)" and insert "**(e)**".

Page 104, line 28, delete "(e)" and insert "**(f)**".

Page 104, delete line 40.

Page 104, line 41, delete "(B)" and insert "**(A)**".

Page 104, line 41, delete "sixty and twenty-four hundredths" and insert "**sixty-two and seven-tenths**".

Page 104, line 42, delete "(60.24%)." and insert "**(62.7%).**".

Page 104, line 43, delete "(C)" and insert "**(B)**".

Page 104, line 43, delete "fifty-four and five-tenths" and insert "**fifty-six and ninety-six hundredths**".

Page 104, line 43, delete "(54.5%)." and insert "**(56.96%).**".

Page 104, strike line 48.

Page 105, strike lines 1 through 2.

Page 105, line 3, strike "(7)" and insert "**(6)**".

Page 106, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 48. IC 11-10-5-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 6. The department may provide financial assistance**

for tuition, books, and supplies for an offender who:

(1) is:

(A) convicted of a felony;

(B) sentenced to a term of imprisonment for that felony; and

(C) confined for that felony by the department; and

(2) enrolls in a degree program at an eligible institution (as defined in IC 21-12-1-8(2)) of higher education.".

Page 106, delete lines 40 through 47.

Delete pages 107 through 108, begin a new paragraph and insert:

"SECTION 50. IC 12-15-35-28, AS AMENDED BY P.L.101-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 28. (a) The board has the following duties:

(1) The adoption of rules to carry out this chapter, in accordance with the provisions of IC 4-22-2 and subject to any office approval that is required by the federal Omnibus Budget Reconciliation Act of 1990 under Public Law 101-508 and its implementing regulations.

(2) The implementation of a Medicaid retrospective and prospective DUR program as outlined in this chapter, including the approval of software programs to be used by the pharmacist for prospective DUR and recommendations concerning the provisions of the contractual agreement between the state and any other entity that will be processing and reviewing Medicaid drug claims and profiles for the DUR program under this chapter.

(3) The development and application of the predetermined criteria and standards for appropriate prescribing to be used in retrospective and prospective DUR to ensure that such criteria and standards for appropriate prescribing are based on the compendia and developed with professional input with provisions for timely revisions and assessments as necessary.

(4) The development, selection, application, and assessment of interventions for physicians, pharmacists, and patients that are educational and not punitive in nature.

(5) The publication of an annual report that must be subject to public comment before issuance to the federal Department of Health and Human Services and to the Indiana legislative council by December 1 of each year. The report issued to the legislative council must be in an electronic format under IC 5-14-6.

(6) The development of a working agreement for the board to clarify the areas of responsibility with related boards or agencies, including the following:

(A) The Indiana board of pharmacy.

(B) The medical licensing board of Indiana.

(C) The SURS staff.

(7) The establishment of a grievance and appeals process for physicians or pharmacists under this chapter.

(8) The publication and dissemination of educational information

to physicians and pharmacists regarding the board and the DUR program, including information on the following:

(A) Identifying and reducing the frequency of patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and recipients.

(B) Potential or actual severe or adverse reactions to drugs.

(C) Therapeutic appropriateness.

(D) Overutilization or underutilization.

(E) Appropriate use of generic drugs.

(F) Therapeutic duplication.

(G) Drug-disease contraindications.

(H) Drug-drug interactions.

(I) Incorrect drug dosage and duration of drug treatment.

(J) Drug allergy interactions.

(K) Clinical abuse and misuse.

(9) The adoption and implementation of procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the DUR program that identifies individual physicians, pharmacists, or recipients.

(10) The implementation of additional drug utilization review with respect to drugs dispensed to residents of nursing facilities shall not be required if the nursing facility is in compliance with the drug regimen procedures under 410 IAC 16.2-3.1 and 42 CFR 483.60.

(11) The research, development, and approval of a preferred drug list for:

(A) Medicaid's fee for service program;

(B) Medicaid's primary care case management program;

(C) Medicaid's risk based managed care program, if the office provides a prescription drug benefit and subject to IC 12-15-5; and

(D) the children's health insurance program under IC 12-17.6;

in consultation with the therapeutics committee.

(12) The approval of the review and maintenance of the preferred drug list at least two (2) times per year.

(13) The preparation and submission of a report concerning the preferred drug list at least two (2) times per year to the select joint commission on Medicaid oversight established by IC 2-5-26-3.

(14) The collection of data reflecting prescribing patterns related to treatment of children diagnosed with attention deficit disorder or attention deficit hyperactivity disorder.

(15) Advising the Indiana comprehensive health insurance association established by IC 27-8-10-2.1 concerning implementation of chronic disease management and pharmaceutical management programs under IC 27-8-10-3.5.

(b) The board shall use the clinical expertise of the therapeutics

committee in developing a preferred drug list. The board shall also consider expert testimony in the development of a preferred drug list.

(c) In researching and developing a preferred drug list under subsection (a)(11), the board shall do the following:

(1) Use literature abstracting technology.

(2) Use commonly accepted guidance principles of disease management.

(3) Develop therapeutic classifications for the preferred drug list.

(4) Give primary consideration to the clinical efficacy or appropriateness of a particular drug in treating a specific medical condition.

(5) Include in any cost effectiveness considerations the cost implications of other components of the state's Medicaid program and other state funded programs.

~~(d) Prior authorization is required for coverage under a program described in subsection (a)(11) of a drug that is not included on the preferred drug list.~~

~~(e)~~ **(d)** The board shall determine whether to include a single source covered outpatient drug that is newly approved by the federal Food and Drug Administration on the preferred drug list not later than sixty (60) days after the date on which the manufacturer notifies the board in writing of the drug's approval. However, if the board determines that there is inadequate information about the drug available to the board to make a determination, the board may have an additional sixty (60) days to make a determination from the date that the board receives adequate information to perform the board's review. Prior authorization may not be automatically required for a single source drug that is newly approved by the federal Food and Drug Administration, and that is:

(1) in a therapeutic classification:

(A) that has not been reviewed by the board; and

(B) for which prior authorization is not required; or

(2) the sole drug in a new therapeutic classification that has not been reviewed by the board.

~~(f)~~ **(e)** The board may not exclude a drug from the preferred drug list based solely on price.

~~(g)~~ **(f)** The following requirements apply to a preferred drug list developed under subsection (a)(11):

(1) ~~Except as provided by~~ **In accordance with** IC 12-15-35.5-3(b), ~~and IC 12-15-35.5-3(c),~~ the office or the board may require prior authorization for a drug that is included on the preferred drug list under the following circumstances:

(A) To override a prospective drug utilization review alert.

(B) To permit reimbursement for a medically necessary brand name drug that is subject to generic substitution under IC 16-42-22-10.

(C) To prevent fraud, abuse, waste, overutilization, or inappropriate utilization.

(D) To permit implementation of a disease management

program.

(E) To implement other initiatives permitted by state or federal law.

(F) A psychiatrist licensed under IC 25-22.5 may not be required to receive prior authorization to prescribe a drug included on the preferred drug list.

(G) A provider may not be required to obtain prior authorization for a mental health prescription that is for a Medicaid recipient who:

(i) was enrolled in the Medicaid program before July 1, 2011, and who has continuously been enrolled in the Medicaid program; and

(ii) has been prescribed and taking the mental health drug since before July 1, 2011.

(2) All drugs described in IC 12-15-35.5-3(b) ~~must be included on the preferred drug list.~~ **may be considered:**

(A) preferred or nonpreferred; or

(B) not subject to the preferred drug list (PDL) process.

(3) The office may add a drug that has been approved by the federal Food and Drug Administration to the preferred drug list without prior approval from the board.

(4) The board may add a drug that has been approved by the federal Food and Drug Administration to the preferred drug list.

~~(h)~~ **(g)** At least two (2) times each year, the board shall provide a report to the select joint commission on Medicaid oversight established by IC 2-5-26-3. The report must contain the following information:

(1) The cost of administering the preferred drug list.

(2) Any increase in Medicaid physician, laboratory, or hospital costs or in other state funded programs as a result of the preferred drug list.

(3) The impact of the preferred drug list on the ability of a Medicaid recipient to obtain prescription drugs.

(4) The number of times prior authorization was requested, and the number of times prior authorization was:

(A) approved; and

(B) disapproved.

~~(i)~~ **(h)** The board shall provide the first report required under subsection ~~(h)~~ **(g)** not later than six (6) months after the board submits an initial preferred drug list to the office.".

Page 109, delete lines 1 through 27.

Page 109, delete lines 43 through 47.

Delete pages 110 through 111.

` Page 112, delete lines 1 through 21.

Page 112, delete lines 46 through 47.

Page 113, delete lines 1 through 33.

Page 114, delete lines 3 through 37, begin a new paragraph and insert:

"SECTION 56. IC 12-24-1-3, AS AMENDED BY P.L.141-2006,

SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) The director of the division of mental health and addiction has administrative control of and responsibility for the following state institutions:

(1) Evansville State Hospital.

(2) Evansville State Psychiatric Treatment Center for Children.

(3) Larue D. Carter Memorial Hospital.

(4) Logansport State Hospital.

(5) Madison State Hospital.

(6) Richmond State Hospital.

(7) Any other state owned or operated mental health institution.

(b) Subject to the approval of the director of the budget agency and the governor, the director of the division of mental health and addiction may contract for the management and clinical operation of Larue D. Carter Memorial Hospital.

~~(c) The following applies only to the institutions described in subsection (a)(1) and (a)(2):~~

~~(1) Notwithstanding any other statute or policy, the division of mental health and addiction may not do the following after December 31, 2001, unless specifically authorized by a statute enacted by the general assembly:~~

~~(A) Terminate, in whole or in part, normal patient care or other operations at the facility.~~

~~(B) Reduce the staffing levels and classifications below those in effect at the facility on January 1, 2002.~~

~~(C) Terminate the employment of an employee of the facility except in accordance with IC 4-15-2.~~

~~(2) The division of mental health and addiction shall fill a vacancy created by a termination described in subdivision (1)(C) so that the staffing levels at the facility are not reduced below the staffing levels in effect on January 1, 2002.~~

~~(3) Notwithstanding any other statute or policy, the division of mental health and addiction may not remove, transfer, or discharge any patient at the facility unless the removal, transfer, or discharge is in the patient's best interest and is approved by:~~

~~(A) the patient or the patient's parent or guardian;~~

~~(B) the individual's gatekeeper; and~~

~~(C) the patient's attending physician.~~

(c) The division of mental health and addiction shall maintain normal patient care, including maintaining the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards for clinical care, at the facilities described in subsection (a)(1) and (a)(2) unless a reduction or the termination of normal patient care is specifically authorized by a statute enacted by the general assembly or is specifically recommended by the council established by section 3.5 of this chapter.

(d) The Evansville State Psychiatric Treatment Center for Children shall remain independent of Evansville State Hospital and the

southwestern Indiana community mental health center, and the Evansville State Psychiatric Treatment Center for Children shall continue to function autonomously unless a change in administration is specifically:

(1) authorized by an enactment of the general assembly; **or**

(2) recommended by the council established by section 3.5 of this chapter before January 1, 2014.

SECTION 57. IC 12-24-1-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. (a) The council on Evansville state hospitals is established.**

(b) The council consists of the following members:

(1) One (1) superior court judge having exclusive juvenile jurisdiction in Vanderburgh County, who shall act as chairperson of the council.

(2) The director of the division of mental health and addiction or the director's designee.

(3) Two (2) members of the senate, appointed by the president pro tempore of the senate. The members appointed under this subdivision:

(A) may not be members of the same political party; and

(B) must represent Evansville or a surrounding area.

(4) Two (2) members of the house of representatives, appointed by the speaker of the house of representatives. The members appointed under this subdivision:

(A) may not be members of the same political party; and

(B) must represent Evansville or a surrounding area.

(5) Two (2) mental health providers that provide mental health services in the Evansville area.

(6) One (1) member who:

(A) resides in the Evansville area; and

(B) provides services in the community, including:

(i) law enforcement services; or

(ii) children's services.

(7) The superintendent of the Evansville State Psychiatric Treatment Center for Children, or the superintendent's designee.

(8) The superintendent of the Evansville State Hospital, or the superintendent's designee.

(9) One (1) representative of a statewide mental health association.

(10) One (1) parent of a child who has received services at the Evansville State Psychiatric Treatment Center for Children and who is not associated with the Evansville State Psychiatric Treatment Center for Children or the Evansville State Hospital except as a consumer.

(c) The president pro tempore of the senate shall appoint the members under subsection (b)(1) and (b)(9) and one (1) member

under subsection (b)(5). The speaker of the house of representatives shall appoint the members under subsection (b)(6) and (b)(10) and one (1) member under subsection (b)(5).

(d) The council has the following duties:

(1) Review the following:

(A) The mental health and addiction services available to children in the Evansville area.

(B) The quality of the care provided to patients in the facilities described in section 3(a)(1) and 3(a)(2) of this chapter.

(C) The utilization of the facilities described in section 3(a)(1) and 3(a)(2) of this chapter and the cause for any underutilization.

(2) Determine the viability and need for the facilities described in section 3(a)(1) and 3(a)(2) of this chapter.

(3) Provide recommendations to:

(A) the office of the secretary; and

(B) the general assembly, in electronic format under IC 5-14-6;

concerning the council's findings under this subsection, including whether the council is making a recommendation under section 3 of this chapter.

(e) The division of mental health and addiction shall staff the council.

(f) The expenses of the council shall be paid by the division of mental health and addiction.

(g) A member of the council is not entitled to a salary per diem or traveling expenses.

(h) The members described in subsection (b)(7) and (b)(8) shall serve as nonvoting members. The affirmative votes of a majority of the voting members of the council are required for the council to take action on any recommendation.

(i) This section expires December 31, 2013.

SECTION 58. IC 16-28-15 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2011]:

Chapter 15. Health Facility Quality Assessment Fee

Sec. 1. The imposition of a quality assessment fee under this chapter occurs after July 31, 2011.

Sec. 2. As used in this chapter, "continuing care retirement community" means a health care facility that:

(1) provides independent living services and health facility services in a campus setting with common areas;

(2) holds continuing care agreements with at least twenty-five percent (25%) of its residents (as defined in IC 23-2-4-1);

(3) uses the money from the agreements described in subdivision (2) to provide services to a resident before the resident may be eligible for Medicaid under IC 12-15; and

(4) meets the requirements of IC 23-2-4.

Sec. 3. As used in this chapter, "health facility" refers to a health facility that is licensed under this article as a comprehensive care facility.

Sec. 4. As used in this chapter, "nursing facility" means a health facility that is certified for participation in the federal Medicaid program under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

Sec. 5. As used in this chapter, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

Sec. 6. (a) After July 31, 2011, the office shall collect a quality assessment fee from each health facility under this chapter.

(b) The quality assessment fee must apply to all non-Medicare patient days of the health facility. The office shall determine the quality assessment rate per non-Medicare patient day in a manner that collects the maximum amount permitted by federal law as of July 1, 2011, based on the latest nursing facility financial reports and nursing facility quality assessment data collection forms as of July 28, 2010.

(c) The office shall offset the collection of the assessment fee for a health facility:

(1) against a Medicaid payment to the health facility;

(2) against a Medicaid payment to another health facility that is related to the health facility through common ownership or control; or

(3) in another manner determined by the office.

Sec. 7. The office shall implement the waiver approved by the United States Centers for Medicare and Medicaid Services under 42 CFR 433.68(e)(2) that provides for the following:

(1) Nonuniform quality assessment fee rates.

(2) An exemption from collection of a quality assessment fee from the following:

(A) A continuing care retirement community as follows:

(i) A continuing care retirement community that was registered with the securities commissioner as a continuing care retirement community on January 1, 2007, is not required to meet the definition of a continuing care retirement community in section 2 of this chapter.

(ii) A continuing care retirement community that, for the period January 1, 2007, through June 30, 2009, operated independent living units, at least twenty-five percent (25%) of which are provided under contracts that require the payment of a minimum entrance fee of at least twenty-five thousand dollars ($25,000).

(iii) An organization registered under IC 23-2-4 before July 1, 2009, that provides housing in an independent living unit for a religious order.

(iv) A continuing care retirement community that meets the definition set forth in section 2 of this chapter.

(B) A hospital based health facility.

(C) The Indiana Veterans' Home.

Any revision to the state plan amendment or waiver request under this section is subject to and must comply with this chapter.

Sec. 8. (a) The money collected from the quality assessment fee may be used only as follows:

(1) Seventy percent (70%) to pay the state's share of costs for Medicaid nursing facility services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(2) Thirty percent (30%) to pay the state's share of costs for other Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(b) Any increase in reimbursement for Medicaid nursing facility services resulting from maximizing the quality assessment under section 6(b) of this chapter shall be directed exclusively to initiatives determined by the office to promote and enhance improvements in quality of care to nursing facility residents.

(c) The office may establish a method to allow a health facility to enter into an agreement to pay the quality assessment fee collected under this chapter under an installment plan.

Sec. 9. If federal financial participation becomes unavailable to match money collected from the quality assessment fees for the purpose of enhancing reimbursement to nursing facilities for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.), the office shall cease collection of the quality assessment fee under this chapter.

Sec. 10. The office shall adopt rules under IC 4-22-2 necessary to implement this chapter.

Sec. 11. (a) If a health facility fails to pay the quality assessment fee under this chapter not later than ten (10) days after the date the payment is due, the health facility shall pay interest on the quality assessment fee at the same rate as determined under IC 12-15-21-3(6)(A).

(b) The office shall report to the state department each nursing facility and each health facility that fails to pay the quality assessment fee under this chapter not later than one hundred twenty (120) days after payment of the quality assessment fee is due.

Sec. 12. (a) The state department shall do the following:

(1) Notify each nursing facility and each health facility reported under section 11 of this chapter that the nursing facility's license or health facility's license under IC 16-28 will be revoked if the quality assessment fee is not paid.

(2) Revoke the nursing facility's license or health facility's license under IC 16-28 if the nursing facility or the health facility fails to pay the quality assessment fee.

(b) An action taken under subsection (a)(2) is governed by:

(1) IC 4-21.5-3-8; or

(2) IC 4-21.5-4.

Sec. 13. The select joint commission on Medicaid oversight established by IC 2-5-26-3 shall review the implementation of this chapter.

Sec. 14. This chapter expires June 30, 2014.".

Page 115, delete lines 39 through 47, begin a new paragraph and insert:

"SECTION 60. IC 20-24-7-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 6.5. (a) Subject to subsection (b) and with the approval of a majority of the members of the governing body, a school corporation may distribute any part of the following to a conversion school sponsored by the school corporation in the amount and under the terms and conditions adopted by a majority of the members of the governing body:**

(1) State tuition support and other state distributions to the school corporation.

(2) Any other amount deposited in the school corporation's general fund.

(b) The total amount that may be transferred under subsection (a) in a calendar year to a particular conversion charter school may not exceed the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the result of:

(A) the amount of state tuition support that the school corporation is eligible to receive in the calendar year; divided by

(B) the current ADM of the school corporation for the calendar year.

STEP TWO: Determine the result of:

(A) the amount of state tuition support that the conversion charter school is eligible to receive in the calendar year; divided by

(B) the current ADM of the conversion charter school for the calendar year.

STEP THREE: Determine the greater of zero (0) or result of:

(A) the STEP ONE amount; minus

(B) the STEP TWO amount.

STEP FOUR: Determine the result of:

(A) the STEP THREE amount; multiplied by

(B) the current ADM of the conversion charter school for the calendar year.

SECTION 61. IC 20-26-11-13, AS AMENDED BY P.L.146-2008, SECTION 471, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

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

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

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

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

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

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

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

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

(A) State tuition support distributions.

(B) Property tax levies under IC 20-45-7 and IC 20-45-8.

(C) **The sum of the following** excise tax revenue ~~(as defined in IC 20-43-1-12)~~ received for deposit in the calendar year in which the school year begins:

(i) Financial institution excise tax revenue (IC 6-5.5).

(ii) Motor vehicle excise taxes (IC 6-6-5).

(iii) Commercial vehicle excise taxes (IC 6-6-5.5).

(iv) Boat excise tax (IC 6-6-11).

(v) Aircraft license excise tax (IC 6-6-6.5).

(D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana by or with the approval of the department of child services, the institution or facility shall charge the department of child services for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

(1) capital outlay;

(2) debt service;

(3) costs of transportation;

(4) salaries of board members;

(5) contracted service for legal expenses; and

(6) any expenditure that is made from extracurricular account receipts;

for the school year.

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

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

(2) the product of:

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

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

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

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

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

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

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

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

(1) the total amount of revenues received; by

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

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

(1) be entered into for a period of not more than five (5) years with an option to renew;

(2) specify a maximum number of students to be transferred; and

(3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) A school corporation may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

(1) be for one (1) year or longer; and

(2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

SECTION 62. IC 20-40-8-1, AS AMENDED BY P.L.146-2008, SECTION 477, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. As used in this chapter, "calendar year distribution" means the sum of the following:

(1) A school corporation's:

(A) state tuition support; and

(B) maximum permissible tuition support levy (as defined in IC 20-45-1-15 before its repeal);

for the calendar year.

(2) The ~~school corporation's~~ **sum of the following** excise tax revenue ~~(as defined in IC 20-43-1-12)~~ **of the school corporation** for the immediately preceding calendar year:

(A) Financial institution excise tax revenue (IC 6-5.5).

(B) Motor vehicle excise taxes (IC 6-6-5).

(C) Commercial vehicle excise taxes (IC 6-6-5.5).

(D) Boat excise tax (IC 6-6-11).

(E) Aircraft license excise tax (IC 6-6-6.5).

SECTION 63. IC 20-43-1-1, AS AMENDED BY P.L.182-2009(ss), SECTION 323, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. This article expires January 1, ~~2012.~~ **2014.**

SECTION 64. IC 20-43-1-25, AS AMENDED BY P.L.182-2009(ss), SECTION 325, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 25. "State tuition support" means the amount of state funds to be distributed to:

(1) a school corporation other than a virtual charter school in any calendar year under this article for all grants, distributions, and awards described in IC 20-43-2-3; and

(2) a virtual charter school in any calendar year under ~~IC 20-24-7-13.~~ **IC 20-43-6-3.**

SECTION 65. IC 20-43-2-2, AS AMENDED BY P.L.182-2009(ss), SECTION 329, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. The maximum state distribution for a calendar year for all school corporations for the purposes described in section 3 of this chapter is:

~~(1) five billion eight hundred twenty-nine million nine hundred thousand dollars ($5,829,900,000) in 2009;~~

~~(2) six billion five hundred forty-eight million nine hundred thousand dollars ($6,548,900,000) in 2010; and~~

~~(3)~~ **(1)** six billion ~~five~~ **two** hundred ~~sixty-eight~~ **forty-seven** million ~~five~~ **seven** hundred thousand dollars ~~($6,568,500,000)~~ **($6,247,700,000)** in 2011;

(2) six billion two hundred forty-seven million seven hundred thousand dollars ($6,247,700,000) in 2012; and

(3) six billion two hundred forty-seven million seven hundred thousand dollars ($6,247,700,000) in 2013.

SECTION 66. IC 20-43-2-3, AS AMENDED BY P.L.182-2009(ss), SECTION 330, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. If the total amount to be distributed:

(1) as basic tuition support;

(2) for academic honors diploma awards;

(3) for primetime distributions;

(4) for special education grants; **and**

(5) for career and technical education grants;

~~(6) for restoration grants; and~~

~~(7) for small school grants;~~

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 67. IC 20-43-3-4, AS AMENDED BY P.L.182-2009(ss), SECTION 331, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. (a) ~~This subsection applies to calendar year 2009. A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:~~

~~STEP ONE: Determine the sum of the following:~~

~~(A) The school corporation's basic tuition support for the year that precedes the current year.~~

~~(B) The school corporation's maximum permissible tuition support levy for calendar year 2008.~~

~~(C) The school corporation's excise tax revenue for calendar year 2007.~~

~~STEP TWO: Subtract from the STEP ONE result an amount equal to the reduction in the school corporation's state tuition support under any combination of subsection (c), subsection (d), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.~~

~~(b) This subsection applies to calendar years 2010 and 2011.~~ A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the sum of the following:

(A) The school corporation's basic tuition support **actually received** for the year that precedes the current year.

~~(B) For calendar year 2010, the amount of education stabilization funds received by the school corporation in calendar year 2009 under Section 14002(a) of the federal American Recovery and Reinvestment Act of 2009 (ARRA).~~

~~(C) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.~~

(B) For 2012, the restoration grant (IC 20-43-12

(repealed)) actually received for 2011.

(C) For 2012, the small school grant (IC 20-43-12.2 (repealed)) actually received for 2011.

STEP TWO: Subtract from the STEP ONE result an amount equal to the reduction in the school corporation's state tuition support under any combination of subsection ~~(c)~~ **(b)** or IC 20-30-2-4.

~~(c)~~ **(b)** A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special education or career and technical education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special education programs or career and technical education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special education and career and technical education because of the overstatement.

~~(d) This section applies only to 2009. A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-24-11. The amount of the reduction equals the product of:~~

~~(1) the sum of the amounts distributed to the conversion charter school under IC 20-24-7-3(c) and IC 20-24-7-3(d) (as effective December 31, 2008), multiplied by~~

~~(2) two (2).~~

SECTION 68. IC 20-43-4-7, AS AMENDED BY P.L.182-2009(ss), SECTION 332, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. ~~(a) This subsection does not apply to a charter school.~~ When calculating adjusted ADM for ~~2010~~ **2012** distributions, this subsection, as effective after December 31, ~~2009,~~ **2011,** shall be used to calculate the adjusted ADM for the previous year rather than the calculation used to calculate adjusted ADM for ~~2009~~ **2011** distributions. For purposes of this article, a school corporation's "adjusted ADM" for the current year is the ~~result determined under the following formula:~~

~~STEP ONE: Determine the sum of the following:~~

~~(A) The school corporation's ADM for the year preceding the current year by two (2) years divided by three (3).~~

~~(B) The school corporation's ADM for the year preceding the current year by one (1) year divided by three (3).~~

~~(C) The school corporation's ADM for the current year divided by three (3).~~

~~STEP TWO: Determine the school corporation's ADM for the current year:~~

~~STEP THREE: Determine the greater of the following:~~

~~(A) The STEP ONE result.~~

~~(B) The STEP TWO result.~~

~~(b) A charter school's adjusted ADM for purposes of this article is the charter school's current ADM.~~ **school corporation's current ADM.**

SECTION 69. IC 20-43-5-3, AS AMENDED BY P.L.182-2009(ss), SECTION 333, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. A school corporation's complexity index is determined under the following formula:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the school corporation's students who were eligible for free or reduced price lunches in the school year ending in the later of:

(A) ~~2007 for purposes of determining the complexity index in 2009, and 2009~~ **2011** for the purposes of determining the complexity index in ~~2010~~ **2012** and ~~2011,~~ **2013;** or

(B) the first year of operation of the school corporation.

(2) Determine the quotient of:

~~(A) in 2009:~~

~~(i) two thousand four hundred dollars ($2,400), divided by~~

~~(ii) four thousand eight hundred twenty-five dollars ($4,825);~~

~~(B) in 2010:~~

~~(i) two thousand two hundred sixty-three dollars ($2,263), divided by~~

~~(ii) four thousand five hundred fifty dollars ($4,550), and~~

~~(C) in 2011:~~

~~(i) two thousand two hundred forty-one dollars ($2,241), divided by~~

~~(ii) four thousand five hundred five dollars ($4,505);~~

(A) in 2012:

(i) two thousand one hundred thirteen dollars ($2,113); divided by

(ii) four thousand two hundred forty-seven dollars ($4,247); and

(B) in 2013:

(i) two thousand one hundred twenty-two dollars ($2,122); divided by

(ii) four thousand two hundred sixty-six dollars ($4,266).

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP TWO: Determine the result of one (1) plus the STEP ONE result.

STEP THREE: This STEP applies if the STEP TWO result **in 2012** is equal to or greater than at least one and ~~twenty-five~~

twenty-eight hundredths ~~(1.25).~~ **(1.28) and applies if the STEP TWO result in 2013 is at least one and thirty-one hundredths (1.31).** Determine the result of the following:

(1) **In 2012,** subtract one and ~~twenty-five~~ **twenty-eight** hundredths ~~(1.25)~~ **(1.28) and in 2013, subtract one and thirty-one hundredths (1.31)** from the STEP TWO result.

(2) Determine the result of:

(A) the STEP TWO result; plus

(B) the subdivision (1) result.

The data to be used in making the calculations under STEP ONE must be the data collected in the annual pupil enrollment count by the department.

SECTION 70. IC 20-43-5-4, AS AMENDED BY P.L.182-2009(ss), SECTION 334, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. A school corporation's foundation amount for a calendar year is the result determined under STEP TWO of the following formula:

STEP ONE: The STEP ONE amount is:

~~(A) in 2009, four thousand eight hundred twenty-five dollars ($4,825);~~

~~(B) in 2010, four thousand five hundred fifty dollars ($4,550); and~~

~~(C) in 2011, four thousand five hundred five dollars ($4,505);~~

(A) in 2012, four thousand two hundred forty-seven dollars ($4,247); and

(B) in 2013, four thousand two hundred sixty-six dollars ($4,266).

STEP TWO: Multiply the STEP ONE amount by the school corporation's complexity index.

SECTION 71. IC 20-43-5-6, AS AMENDED BY P.L.182-2009(ss), SECTION 336, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) A school corporation's transition to foundation amount for a calendar year is equal to the result determined under STEP ~~THREE~~ **TWO** of the following formula:

STEP ONE: Determine the difference of:

(A) the school corporation's foundation amount; minus

(B) the **lesser of:**

(i) the school corporation's previous year revenue foundation amount; **or**

(ii) the result of the school corporation's foundation amount multiplied by one and two-tenths (1.2).

~~STEP TWO: Divide the STEP ONE result by:~~

~~(A) three (3) in 2009;~~

~~(B) two (2) in 2010; and~~

~~(C) one (1) in 2011.~~

STEP ~~THREE:~~ **TWO:** A school corporation's STEP ~~THREE~~ **TWO** amount is the following:

(A) For a charter school located outside Marion County that

has previous year revenue that is not greater than zero (0), the charter school's STEP ~~THREE~~ **TWO** amount is the quotient of:

(i) the school corporation's transition to foundation revenue for the calendar year where the charter school is located; divided by

(ii) the school corporation's current ADM.

(B) For a charter school located in Marion County that has previous year revenue that is not greater than zero (0), the charter school's STEP THREE amount is the weighted average of the transition to foundation revenue for the school corporations where the students counted in the current ADM of the charter school have legal settlement, as determined under item (iv) of the following formula:

(i) Determine the transition to foundation revenue for each school corporation where a student counted in the current ADM of the charter school has legal settlement.

(ii) For each school corporation identified in item (i), divide the item (i) amount by the school corporation's current ADM.

(iii) For each school corporation identified in item (i), multiply the item (ii) amount by the number of students counted in the current ADM of the charter school that have legal settlement in the particular school corporation.

(iv) Determine the sum of the item (iii) amounts for the charter school.

(C) The STEP ~~THREE~~ **TWO** amount for a school corporation that is not a charter school described in clause (A) or (B) is the following:

(i) The school corporation's foundation amount for the calendar year if the STEP ONE amount is ~~at least negative one hundred fifty dollars (-$150) and not more than fifty dollars ($50).~~

~~(ii) The sum of the school corporation's previous year revenue foundation amount and the greater of the school corporation's STEP TWO amount or fifty dollars ($50), if the school corporation's STEP ONE amount is greater than fifty dollars ($50).~~ **zero (0) or greater.**

~~(iii)~~ **(ii)** The amount determined under subsection (b), if the school corporation's STEP ONE amount is less than ~~negative. one hundred fifty dollars (-$150).~~ **zero (0).**

(b) For the purposes of STEP ~~THREE (C)(iii)~~ **TWO (C)(ii)** in subsection (a), determine the result of:

(1) the **result determined for the** school ~~corporation's previous year revenue foundation amount;~~ **corporation under STEP ONE (B) of subsection (a);** minus

(2) ~~the greater of:~~

~~(A) one hundred fifty dollars ($150); or~~

~~(B)~~ the result of:

~~(i)~~ **(A)** the absolute value of the STEP ONE amount; divided by

~~(ii) nine (9) in 2010, and eight (8) in 2011.~~ **(B) nine (9) in 2012 and eight (8) in 2013.**

SECTION 72. IC 20-43-5-7, AS AMENDED BY P.L.182-2009(ss), SECTION 337, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. A school corporation's transition to foundation revenue for a calendar year is equal to the product of:

(1) the school corporation's transition to foundation amount for the calendar year; multiplied by

(2) the school corporation's

~~(A)~~ current ADM. ~~if the current ADM for the school corporation is less than one hundred (100), and~~

~~(B) current adjusted ADM, if clause (A) does not apply.~~

SECTION 73. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss), SECTION 339, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) A school corporation's basic tuition support for a year is the amount determined under the applicable provision of this section.

(b) ~~This subsection applies to a school corporation that has transition to foundation revenue per adjusted ADM for a year that is not equal to the foundation amount for the year.~~ The school corporation's basic tuition support for a year is equal to the school corporation's transition to foundation revenue for the year.

~~(c) This subsection applies to a school corporation that has transition to foundation revenue per adjusted ADM for a year that is equal to the foundation amount for the year. The school corporation's basic tuition support for a year is the sum of the following:~~

~~(1) The foundation amount for the year multiplied by the school corporation's adjusted ADM.~~

~~(2) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.~~

~~(d)~~ **(c)** This subsection applies to students of a virtual charter school. ~~who are participating in the pilot program under IC 20-24-7-13.~~ A virtual charter school's basic tuition support for a year for those students is the amount determined under IC 20-24-7-13.

SECTION 74. IC 20-43-7-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 75. IC 20-43-8-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 76. IC 20-43-9-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 77. IC 20-43-9-6, AS AMENDED BY P.L.182-2009(ss), SECTION 342, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. A school corporation's primetime distribution for a calendar year under this chapter is the amount determined by the following formula:

STEP ONE: Determine the applicable target pupil/teacher ratio for the school corporation as follows:

(A) If the school corporation's complexity index is less than one and one-tenth (1.1), the school corporation's target pupil/teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least one and one-tenth (1.1) but less than one and ~~two-tenths (1.2),~~ **three-tenths (1.3),** the school corporation's target pupil/teacher ratio is fifteen (15) plus the result determined in item (iii) to one (1):

(i) Determine the result of one and ~~two-tenths (1.2),~~ **three-tenths (1.3)** minus the school corporation's complexity index.

(ii) Determine the item (i) result divided by ~~one-tenth (0.1).~~ **two-tenths (0.2).**

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least one and ~~two-tenths (1.2),~~ **three-tenths (1.3),** the school corporation's target pupil/teacher ratio is fifteen to one (15:1).

STEP TWO: Determine the result of:

(A) the ADM of the school corporation in kindergarten through grade 3 for the current school year; divided by

(B) the school corporation's applicable target pupil/teacher ratio, as determined in STEP ONE.

STEP THREE: Determine the result of:

(A) the basic tuition support for the year multiplied by seventy-five hundredths (0.75); divided by

(B) the school corporation's ~~total~~ ADM.

STEP FOUR: Determine the result of:

(A) the STEP THREE result; multiplied by

(B) the ADM of the school corporation in kindergarten through grade 3 for the current school year.

STEP FIVE: Determine the result of:

(A) the STEP FOUR result; divided by

(B) the staff cost amount.

STEP SIX: Determine the greater of zero (0) or the result of:

(A) the STEP TWO amount; minus

(B) the STEP FIVE amount.

STEP SEVEN: Determine the result of:

(A) the STEP SIX amount; multiplied by

(B) the staff cost amount.

~~STEP EIGHT: Determine the greater of the STEP SEVEN amount or the school corporation's guaranteed primetime amount.~~

STEP ~~NINE:~~ **EIGHT:** A school corporation's amount under this STEP is the following:

(A) If the amount the school corporation received under this chapter in the previous calendar year is greater than zero (0), the amount under this STEP is the lesser of:

(i) the STEP ~~EIGHT~~ **SEVEN** amount; or

(ii) the amount the school corporation received under this chapter for the previous calendar year multiplied by one hundred seven and one-half percent (107.5%).

(B) If the amount the school corporation received under this chapter in the previous calendar year is not greater than zero (0), the amount under this STEP is the STEP ~~EIGHT~~ **SEVEN** amount.

SECTION 78. IC 20-43-10-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not apply to a virtual charter school.**

SECTION 79. IC 21-12-3-13, AS ADDED BY P.L.2-2007, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. The commission may ~~deny~~ **not provide** assistance under this chapter to a higher education award applicant or recipient who is:

(1) convicted of a felony;

(2) sentenced to a term of imprisonment for that felony; and

(3) confined for that felony at a penal facility (as defined in IC 35-41-1-21).

SECTION 80. IC 21-14-2-12.5, AS ADDED BY P.L.224-2007, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. ~~This section applies to tuition and mandatory fees that a board of trustees of a state educational institution votes to increase after June 30, 2007.~~

~~(b)~~ **(a)** After the enactment of a state budget, the commission for higher education shall ~~recommend nonbinding~~ **establish** tuition and mandatory fee increase targets for each state educational institution **for each school year in the ensuing biennium. State educational institutions may not adopt tuition and mandatory fee increases that exceed the tuition and mandatory fee targets established by the commission under this subsection unless the budget director authorizes a modification under subsection (c).**

~~(c)~~ **(b)** The state educational institution shall submit a report to the state budget committee concerning the financial and budgetary factors considered by the board of trustees in determining the amount of the increase.

~~(d)~~ **(c)** The ~~state~~ budget committee ~~shall~~ **may** review ~~the~~ targets

~~recommended~~ **established** under subsection ~~(b)~~ **(a)** and reports received under subsection ~~(c) and~~ **(b) for one (1) or more state educational institutions. To facilitate a review, the budget committee** may request that a state educational institution appear at a public meeting of the ~~state~~ budget committee concerning the report. **Upon recommendation by the budget committee, the budget director may increase or decrease one (1) or more tuition and mandatory fee increase targets established by the commission. A tuition and mandatory fee increase target established under this subsection replaces the target established by the commission. State educational institutions may not adopt tuition and mandatory fee increases that exceed the tuition and mandatory fee targets established by the budget director under this subsection.**

(d) If a state educational institution implements a tuition and mandatory fee increase that exceeds the applicable tuition and mandatory fee increase target set under this section, the budget director may withhold from the operating appropriation to the state educational institution an amount equal to the amount by which revenue generated by the tuition and mandatory fee increases adopted by the state educational institution exceed the revenue that would have been generated by imposing tuition and mandatory fee increases equal to the applicable tuition and mandatory fee increase target set under this section.

SECTION 81. IC 21-33-3-3, AS AMENDED BY P.L.31-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The commission for higher education shall complete a review of a project approved or authorized by the general assembly. ~~within ninety (90) days after the project is submitted for review. If the review is not completed within ninety (90) days, the budget agency or the budget committee may proceed without the commission's review.~~

SECTION 82. IC 21-43-1-5, AS ADDED BY P.L.234-2007, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. "Postsecondary credit":

(1) for purposes of section 5.5 of this chapter and IC 21-43-1.5, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

that is granted by a state educational institution upon the successful completion of a course taken in a high school setting in a program established under IC 21-43-4 or IC 21-43-5;

~~(1)~~ **(2)** for purposes of IC 21-43-2, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

granted by a state educational institution upon the successful

completion of a course taken under a program established under IC 21-43-2; and

~~(2)~~ **(3)** for purposes of IC 21-43-5, means credit toward:

(A) an associate degree;

(B) a baccalaureate degree; or

(C) a career and technical education certification;

granted by a state educational institution upon the successful completion of a course taken under a program established under IC 21-43-5.

SECTION 83. IC 21-43-1-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. "Priority dual credit course" refers to a course of study for postsecondary credit that the commission designates as a priority dual credit course under IC 21-43-1.5-1.**

SECTION 84. IC 21-43-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 1.5. Priority Dual Credit Courses

Sec. 1. The commission may identify a set of courses that:

(1) are offered in the high school setting for postsecondary credit; and

(2) receive state funding;

as priority dual credit courses.

Sec. 2. The rate charged to a student for a priority dual credit course shall be set by the commission.".

Page 116, delete lines 1 through 8.

Page 122, delete lines 42 through 45, begin a new paragraph and insert:

"SECTION 66. IC 33-38-5-8.1, AS ADDED BY P.L.159-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.1. (a) ~~Beginning July 1, 2006,~~ **Subject to subsection (f),** the part of the total salary of an official:

(1) paid by the state; and

(2) set under section 6 or 8 of this chapter;

is increased in each state fiscal year in which the general assembly does not amend the section of law under which the salary is determined to provide a salary increase for the state fiscal year.

(b) The percentage by which salaries are increased in a state fiscal year under this section is equal to the statewide average percentage, as determined by the budget director, by which the salaries of state employees in the executive branch who are in the same or a similar salary bracket exceed, for the state fiscal year, the salaries of executive branch state employees in the same or a similar salary bracket that were in effect on July 1 of the immediately preceding state fiscal year.

(c) The amount of a salary increase under this section is equal to the amount determined by applying the percentage increase for the particular state fiscal year to the salary payable by the state, as

previously adjusted under this section, that is in effect on June 30 of the immediately preceding state fiscal year.

(d) An official is not entitled to receive a salary increase under this section in a state fiscal year in which state employees described in subsection (b) do not receive a statewide average salary increase.

(e) If a salary increase is required under this section, the budget director shall augment judicial appropriations, including the line items for personal services for the supreme court, local judges' salaries, and county prosecutors' salaries, in the state biennial budget in an amount sufficient to pay for the salary increase from the sources of funds determined by the budget director.

(f) An individual is not entitled to receive a salary or benefit increase under this section in a state fiscal year beginning after June 30, 2011, and ending before July 1, 2013, regardless of whether state employees described in subsection (b) received a statewide average salary increase. The salaries and benefits to which this subsection applies include the following:

(1) The annual salary of members of the general assembly (IC 2-3-1-1).

(2) The annual salary of a magistrate (IC 33-23-5-10).

(3) The annual salary of the tax court judge (IC 33-26-2-5).

(4) The annual salary of each full-time judge of a circuit, superior, municipal, county, or probate court (section 6 of this chapter).

(5) The annual salary for each justice of the supreme court and each justice of the court of appeals (section 8 of this chapter).

(6) A salary payable to a prosecuting attorney or deputy prosecuting attorney (IC 33-39-6).

(7) Any other salary or benefit that is computed based on a salary described in subdivisions (1) through (6).

SECTION 68. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2012]: IC 20-20-36.2; IC 20-40-16; IC 20-43-1-12; IC 20-43-1-17; IC 20-43-1-21.5; IC 20-43-3-2; IC 20-43-12; IC 20-43-12.2.

SECTION 69. P.L.182-2009(ss), SECTION 486, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SEC. 486. (a) As used in this SECTION, "continuing care retirement community" means a health care facility that:

(1) provides independent living services and health facility services in a campus setting with common areas;

(2) holds continuing care agreements with at least twenty-five percent (25%) of its residents (as defined in IC 23-2-4-1);

(3) uses the money from the agreements described in subdivision (2) to provide services to the resident before the resident may be eligible for Medicaid under IC 12-15; and

(4) meets the requirements of IC 23-2-4.

(b) As used in this SECTION, "health facility" refers to a health

facility that is licensed under IC 16-28 as a comprehensive care facility.

(c) As used in this SECTION, "nursing facility" means a health facility that is certified for participation in the federal Medicaid program under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(d) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(e) ~~Effective August 1,~~ **After July 31,** 2003, **and before August 1, 2011,** the office shall collect a quality assessment from each health facility **under this SECTION.** The office shall offset the collection of the assessment for a health facility:

(1) against a Medicaid payment to the health facility by the office; or

(2) in another manner determined by the office.

(f) The office shall implement the waiver approved by the United States Centers for Medicare and Medicaid Services that provides for an exemption from collection of a quality assessment from the following:

(1) A continuing care retirement community as follows:

(A) A continuing care retirement community that was registered with the securities commissioner as a continuing care retirement community on January 1, 2007, is not required to meet the definition of a continuing care retirement community in subsection (a).

(B) A continuing care retirement community that, for the period January 1, 2007, through June 30, 2009, operates independent living units, at least twenty-five percent (25%) of which are provided under contracts that require the payment of a minimum entrance fee of at least twenty-five thousand dollars ($25,000).

(C) An organization registered under IC 23-2-4 before July 1, 2009, that provides housing in an independent living unit for a religious order.

(D) A continuing care retirement community that meets the definition set forth in subsection (a).

(2) A hospital based health facility.

(3) The Indiana Veterans' Home.

Any revision to the state plan amendment or waiver request under this subsection is subject to and must comply with the provisions of this SECTION.

(g) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under this SECTION using the methodology described in subsections (d) and (e), the office shall revise the state plan amendment and waiver request submitted under this SECTION as soon as possible to demonstrate compliance with 42 CFR 433.68(e)(2)(ii) and to provide for collection of a quality assessment from health facilities effective August 1, 2003.

(h) The money collected from the quality assessment may be used only to pay the state's share of the costs for Medicaid services provided

under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.) as follows:

(1) At the following percentages when the state's regular federal medical assistance percentage (FMAP) applies, excluding the time frame in which the adjusted FMAP is provided to the state by the federal American Recovery and Reinvestment Act of 2009:

(A) Twenty percent (20%) as determined by the office.

(B) Eighty percent (80%) to nursing facilities.

(2) At the following percentages when the state's federal medical assistance percentage (FMAP) is adjusted by the federal American Recovery and Reinvestment Act of 2009:

(A) Forty percent (40%) as determined by the office.

(B) Sixty percent (60%) to nursing facilities.

(i) After:

(1) the amendment to the state plan and waiver request submitted under this SECTION is approved by the United States Centers for Medicare and Medicaid Services; and

(2) the office calculates and begins paying enhanced reimbursement rates set forth in this SECTION;

the office shall begin the collection of the quality assessment set under this SECTION. The office may establish a method to allow a facility to enter into an agreement to pay the quality assessment collected under this SECTION subject to an installment plan.

(j) If federal financial participation becomes unavailable to match money collected from the quality assessments for the purpose of enhancing reimbursement to nursing facilities for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.), the office shall cease collection of the quality assessment under this SECTION.

(k) To implement this SECTION, the office shall adopt rules under IC 4-22-2.

(l) Not later than July 1, 2003, the office shall do the following:

(1) Request the United States Department of Health and Human Services under 42 CFR 433.72 to approve waivers of 42 CFR 433.68(c) and 42 CFR 433.68(d) by demonstrating compliance with 42 CFR 433.68(e)(2)(ii).

(2) Submit any state Medicaid plan amendments to the United States Department of Health and Human Services that are necessary to implement this SECTION.

(m) After approval of the waivers and state Medicaid plan amendment applied for under this SECTION, the office shall implement this SECTION effective July 1, 2003.

(n) The select joint commission on Medicaid oversight, established by IC 2-5-26-3, shall review the implementation of this SECTION. ~~The office may not make any change to the reimbursement for nursing facilities unless the select joint commission on Medicaid oversight recommends the reimbursement change.~~

(o) A nursing facility or a health facility may not charge the facility's

residents for the amount of the quality assessment that the facility pays under this SECTION.

(p) The office may withdraw a state plan amendment submitted under this SECTION only if the office determines that failure to withdraw the state plan amendment will result in the expenditure of state funds not funded by the quality assessment.

(q) If a health facility fails to pay the quality assessment under this SECTION not later than ten (10) days after the date the payment is due, the health facility shall pay interest on the quality assessment at the same rate as determined under IC 12-15-21-3(6)(A).

(r) The office shall report to the state department of health each nursing facility and each health facility that fails to pay the quality assessment under this SECTION not later than one hundred twenty (120) days after payment of the quality assessment is due.

(s) The state department of health shall do the following:

(1) Notify each nursing facility and each health facility reported under subsection (r) that the nursing facility's or health facility's license under IC 16-28 will be revoked if the quality assessment is not paid.

(2) Revoke the nursing facility's or health facility's license under IC 16-28 if the nursing facility or the health facility fails to pay the quality assessment.

(t) An action taken under subsection (s)(2) is governed by:

(1) IC 4-21.5-3-8; or

(2) IC 4-21.5-4.

(u) The office shall report the following information to the select joint commission on Medicaid oversight established by IC 2-5-26-3 at every meeting of the commission:

(1) Before the quality assessment is approved by the United States Centers for Medicare and Medicaid Services:

(A) an update on the progress in receiving approval for the quality assessment; and

(B) a summary of any discussions with the United States Centers for Medicare and Medicaid Services.

(2) After the quality assessment has been approved by the United States Centers for Medicare and Medicaid Services:

(A) an update on the collection of the quality assessment;

(B) a summary of the quality assessment payments owed by a nursing facility or a health facility; and

(C) any other relevant information related to the implementation of the quality assessment.

(v) This SECTION expires August 1, 2011.

SECTION 70. [EFFECTIVE UPON PASSAGE] **(a) The Council of State Governments is exempt from the gross retail and use taxes imposed under IC 6-2.5 for any transaction in which food or beverage is furnished, prepared, or served to any person under a contract with the Council of State Governments in connection with the sixty-sixth annual meeting of the Midwestern Legislative**

Conference to be held in July 2011. A caterer or other contractor is not required to collect or remit taxes under IC 6-2.5 or IC 6-9 for a transaction that is exempt under this SECTION. If the Council of State Governments provides an exemption certificate issued under IC 6-2.5 to a caterer or other contractor for a transaction that is exempt under this SECTION, the caterer or other contractor shall not collect or remit any taxes that would otherwise be imposed under IC 6-2.5 or IC 6-9 for the transaction.

(b) The exemption provided under this SECTION does not apply to any purchase by attendees that is not paid for directly by the Council of State Governments.

(c) The general assembly finds that:

(1) the general assembly is a member of the Council of State Governments and the host for the Midwestern Legislative Conference to be held in July 2011;

(2) notwithstanding the exemptions provided in this SECTION, the sixty-sixth annual meeting of the Midwestern Legislative Conference will generate a significant economic impact for Indiana and additional revenues from taxes affected by this SECTION; and

(3) the exemptions provided in this SECTION will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases payable from those taxes.

(d) This SECTION expires September 1, 2011.

SECTION 71. [EFFECTIVE JULY 1, 2011] **(a) As used in this SECTION, "combined state reserves" means the sum of the unencumbered balances in the following funds:**

(1) The state general fund, including the Medicaid contingency and reserve account of the state general fund.

(2) The counter-cyclical revenue and economic stabilization fund.

(3) The state tuition reserve fund.

(b) This subsection applies if the combined state reserves on June 30, 2012, exceed three percent (3%) of the sum of the amount appropriated for the immediately following state fiscal year. Before August 1, 2012, the budget agency shall transfer fifty million dollars ($50,000,000) from the state general fund to the state tuition reserve fund established by IC 4-12-1-15.7 for purposes of the state tuition reserve fund.

(c) This subsection applies if the combined state reserves on June 30, 2013, exceed three percent (3%) of the sum of the amount appropriated for the immediately following state fiscal year. Before August 1, 2013, the budget agency shall transfer fifty million dollars ($50,000,000) from the state general fund to the state tuition reserve fund established by IC 4-12-1-15.7 for purposes of the state tuition reserve fund.

(d) This SECTION expires August 1, 2013.

SECTION 72. [EFFECTIVE JULY 1, 2011] **(a) The general assembly finds that the revenue forecast technical committee, using the best information available, estimates that the amount certified for distribution to counties under IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 in state fiscal years 2009, 2010, and 2011 will have exceeded the amount of adjusted gross income taxes, county option income taxes, and county economic development income taxes collected from county taxpayers by six hundred nine million seven hundred thousand dollars ($609,700,000). Under IC 6-3.5-1.1-9(c), IC 6-3.5-6-17(c), and IC 6-3.5-7-11(d), the budget agency is directed to reduce certified distributions in calendar years 2012, 2013, and 2014 by a total of four hundred eight million two hundred seventy-six thousand dollars ($408,276,000) to those counties to which overpayments were made. The amount shall be recovered and allocated among the various purposes for which taxes were imposed, as determined by the budget agency. The budget agency may not make a supplemental distribution under IC 6-3.5-1.1-21.1, IC 6-3.5-6-17.3, or IC 6-3.5-7-17.3 while the county's certified distribution is being reduced under this SECTION.**

(b) This SECTION expires July 1, 2015.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1001 as introduced.)

ESPICH, Chair

Committee Vote: yeas 15, nays 8.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 99, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 38. IC 4-33-12-6, AS AMENDED BY P.L.96-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in ~~a~~ **LaPorte** County; ~~having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000);~~ or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar ($1) is in addition to the one dollar ($1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents ($0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents ($0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-13-3.

(5) Except as provided in subsection (k), ten cents ($0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) and section 7 of this chapter, sixty-five cents ($0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following:

(1) With respect to admissions taxes collected for a person admitted to the riverboat before July 1, 2010, the following amounts:

(A) Twenty-two percent (22%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is located. The county treasurer shall distribute the money received under this clause as follows:

(i) Twenty-two and seventy-five hundredths percent (22.75%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this item to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by

the county fiscal body after receiving a recommendation from the county executive.

(ii) Twenty-two and seventy-five hundredths percent (22.75%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this item to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(iii) Fifty-four and five-tenths percent (54.5%) shall be retained by the county where the riverboat is located for appropriation by the county fiscal body after receiving a recommendation from the county executive.

(B) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(C) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(D) Twenty percent (20%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(i) is located in the county in which the riverboat is located; and

(ii) contains a historic hotel.

At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(E) Ten percent (10%) of the admissions tax collected during the quarter shall be paid to the Orange County development commission established under IC 36-7-11.5. At least one-third (1/3) of the taxes paid to the Orange County development commission under this clause must be transferred to the

Orange County convention and visitors bureau.

(F) Thirteen percent (13%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(G) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(i) Job creation and retention.

(ii) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(iii) Housing.

(iv) Workforce training.

(v) Health care.

(vi) Local planning.

(vii) Land use.

(viii) Assistance to regional economic development groups.

(ix) Other regional development issues as determined by the Indiana economic development corporation.

(2) With respect to admissions taxes collected for a person admitted to the riverboat after June 30, 2010, the following amounts:

(A) Twenty-nine and thirty-three hundredths percent (29.33%) to the county treasurer of Orange County. The county treasurer shall distribute the money received under this clause as follows:

(i) Twenty-two and seventy-five hundredths percent (22.75%) to the county treasurer of Dubois County for distribution in the manner described in subdivision (1)(A)(i).

(ii) Twenty-two and seventy-five hundredths percent (22.75%) to the county treasurer of Crawford County for distribution in the manner described in subdivision (1)(A)(ii).

(iii) Fifty-four and five-tenths percent (54.5%) to be retained by the county treasurer of Orange County for appropriation by the county fiscal body after receiving a recommendation from the county executive.

(B) Six and sixty-seven hundredths percent (6.67%) to the fiscal officer of the town of Orleans. At least twenty percent (20%) of the taxes received by the town under this clause must be transferred to Orleans Community Schools.

(C) Six and sixty-seven hundredths percent (6.67%) to the fiscal officer of the town of Paoli. At least twenty percent (20%) of the taxes received by the town under this clause must be transferred to the Paoli Community School Corporation.

(D) Twenty-six and sixty-seven hundredths percent (26.67%) to be paid in equal amounts to the fiscal officers of the towns of French Lick and West Baden Springs. At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the Springs Valley Community School Corporation.

(E) Thirty and sixty-six hundredths percent (30.66%) to the Indiana economic development corporation to be used in the manner described in subdivision (1)(G).

(d) With respect to tax revenue collected from a riverboat that operates from ~~a~~ **Lake** County, ~~having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000),~~ the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar ($1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k) **and IC 4-33-13.5,** one dollar ($1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents ($0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent ($0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents ($0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-13-3.

(6) Except as provided in subsection (k), ten cents ($0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k) and section 7 of this chapter, sixty-five cents ($0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b), (c), or (d):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity

under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

(1) exceeds a particular entity's base year revenue; and

(2) would otherwise be due to the entity under this section;

to the state general fund instead of to the entity.

SECTION 6. IC 4-33-13-5, AS AMENDED BY P.L.96-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars ($33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c) **and IC 4-33-13.5,** twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in ~~a~~ **Lake** County; ~~having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000);~~ or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the state general fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the state general fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue remitted by the

operating agent under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the state general fund.

(2) Nineteen percent (19%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars ($20,000,000), the amount described in this subdivision shall be paid to the state general fund.

(3) Eight percent (8%) shall be paid to the Orange County development commission established under IC 36-7-11.5.

(4) Sixteen percent (16%) shall be paid in equal amounts to each town that is located in the county in which the riverboat is located and contains a historic hotel. The following apply to taxes received by a town under this subdivision:

(A) At least twenty-five percent (25%) of the taxes must be transferred to the school corporation in which the town is located.

(B) At least twelve and five-tenths percent (12.5%) of the taxes imposed on adjusted gross receipts received after June 30, 2010, must be transferred to the Orange County development commission established by IC 36-7-11.5-3.5.

(5) Nine percent (9%) shall be paid to the county treasurer of the county in which the riverboat is located. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty-two and twenty-five hundredths percent (22.25%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty-two and twenty-five hundredths percent (22.25%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Fifty-five and five-tenths percent (55.5%) shall be retained by the county in which the riverboat is located for appropriation by the county fiscal body after receiving a recommendation from the county executive.

(6) Five percent (5%) shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.

(7) Five percent (5%) shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.

(8) Five-tenths percent (0.5%) of the taxes imposed on adjusted gross receipts received after June 30, 2010, shall be paid to the Indiana economic development corporation established by IC 5-28-3-1.

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

(1) exceeds a particular city's or county's base year revenue; and

(2) would otherwise be due to the city or county under this section;

to the state general fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the state general fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars ($250,000,000):

(1) Surplus lottery revenues under IC 4-30-17-3.

(2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.

(3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the state general fund under

subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the state general fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the state general fund. Except as provided in subsection (i), the amount of an entity's supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) the sum of:

(A) the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6; plus

(B) any amounts deducted under IC 6-3.1-20-7.

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies only to the Indiana horse racing commission. For each state fiscal year the amount of the Indiana horse racing commission's supplemental distribution under subsection (g) must be reduced by the amount required to comply with IC 4-33-12-7(a).

SECTION 39. IC 4-33-13.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 13.5. Tax Distributions for the Little Calumet River Basin Development Commission

Sec. 1. This chapter applies to riverboat taxes remitted by the riverboats located in Lake County.

Sec. 2. As used in this chapter, "fund" means the Little Calumet River project development fund created under IC 14-13-2.

Sec. 3. As used in this chapter, "riverboat taxes" refers to:

(1) admission taxes remitted under IC 4-33-12; and

(2) wagering taxes remitted under IC 4-33-13.

Sec. 4. Subject to section 6 of this chapter, the treasurer of state shall reduce the aggregate amount of riverboat taxes payable under IC 4-33-12-6(d)(2) to Lake County and IC 4-33-13-5 to Gary and Hammond by the following amounts:

(1) Six million eight hundred thousand dollars ($6,800,000) in state fiscal year 2012.

(2) Three million five hundred thousand dollars ($3,500,000) in state fiscal year 2013 and each state fiscal year thereafter.

Sec. 5. Subject to section 6 of this chapter, the treasurer of state shall transfer an amount of riverboat taxes equal to the amount of reductions made under section 4 of this chapter to the Little Calumet River basin development commission for deposit in the fund. Amounts deposited in the fund under this section must be kept in a segregated account within the fund.

Sec. 6. (a) If on July 1 of a calendar year the balance in the segregated account within the fund exceeds seven million dollars

($7,000,000), the treasurer of state shall suspend distributions to the Little Calumet River basin development commission:

(1) for at least twelve (12) months; and

(2) until the balance in the segregated account within the fund is less than seven million dollars ($7,000,000).

(b) If the treasurer of state suspends distributions to the Little Calumet River basin development commission and later resumes making distributions as permitted by this subsection, the treasurer of state may reduce the amount of money otherwise payable to the political subdivisions listed in section 7 of this chapter only the amount in the aggregate that is necessary to restore a balance of seven million dollars ($7,000,000) in the segregated account within the fund. If the amount of a political subdivision's riverboat taxes is subject to a reduction under this subsection, the amount of the reduction must be proportional to the amount of the reduction specified for the political subdivision in section 7 of this chapter.

Sec. 7. Subject to section 6(b) of this chapter, the reductions in riverboat tax distributions required by this chapter must be allocated as follows:

(1) From the amount otherwise payable to Lake County under IC 4-33-12-6(d)(2) after subtracting the amount that must be distributed under IC 4-33-12.5-6, the following amounts:

(A) Three million four hundred thousand dollars ($3,400,000) in state fiscal year 2012.

(B) One million seven hundred fifty thousand dollars ($1,750,000) in state fiscal year 2013 and each state fiscal year thereafter.

(2) From the amounts otherwise payable to eligible municipalities under IC 4-33-12.5-6, the following amounts for state fiscal year 2012 and each state fiscal year thereafter:

(A) Three thousand seven hundred twelve dollars ($3,712) from the amount otherwise payable to Cedar Lake.

(B) Seven thousand nine hundred twenty-two dollars ($7,922) from the amount otherwise payable to Crown Point.

(C) Five thousand five hundred fifty-eight dollars ($5,558) from the amount otherwise payable to Dyer.

(D) Six thousand nine hundred thirty-four dollars ($6,934) from the amount otherwise payable to Griffith.

(E) Nine thousand four hundred eighteen dollars ($9,418) from the amount otherwise payable to Highland.

(F) Twelve thousand two hundred dollars ($12,200) from the amount otherwise payable to Merrillville.

(G) Eight thousand six hundred four dollars ($8,604) from the amount otherwise payable to Munster.

(H) Three thousand three hundred fifty-three dollars ($3,353) from the amount otherwise payable to St. John.

(I) Nine thousand nine hundred forty dollars ($9,940) from

the amount otherwise payable to Schererville.

(3) From the amount otherwise payable to Gary under IC 4-33-13-5, the following amounts:

(A) One million seven hundred sixty-six thousand one hundred fifty dollars ($1,766,150) in state fiscal year 2012.

(B) Eight hundred ninety-one thousand six hundred fifty dollars ($891,650) in state fiscal year 2013 and each state fiscal year thereafter.

(4) From the amount otherwise payable to Hammond under IC 4-33-13-5, the following amounts:

(A) One million five hundred sixty-six thousand two hundred nine dollars ($1,566,209) in state fiscal year 2012.

(B) Seven hundred ninety thousand seven hundred nine dollars ($790,709) in state fiscal year 2013 and each state fiscal year thereafter.".

Page 115, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 60. IC 14-13-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. The general purposes of this chapter are to do the following:

(1) Promote the general health and welfare of citizens of Indiana.

(2) Provide for the creation, development, maintenance, administration, ~~and~~ operation of park, recreation, marina, **levees,** flood control and other public works projects.

(3) Create a commission with the authority to carry out the purposes of this chapter.

(4) Create a commission capable of entering into and fulfilling the requirements of a nonfederal interest (as defined by 42 U.S.C. 1962d-5b).

SECTION 61. IC 14-13-2-7, AS AMENDED BY P.L.181-2009, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) The commission has five (5) members appointed by the governor.

(b) The governor shall appoint members of the commission so that the following requirements are met:

(1) One (1) member must be a representative of the department of natural resources. The member may not be an employee or elected official of a city, town, or county governmental unit.

(2) The remaining four (4) members must meet the following requirements:

(A) Four (4) members**,** must reside in a:

(i) city;

(ii) town; or

(iii) township (if the member resides in an unincorporated area of the county);

that borders the Little Calumet River.

(B) At least three (3) of the members must have a background in:

(i) construction;

(ii) project management; or

(iii) flood control;

or a similar professional background.

(C) A member may not be an employee or elected official of a city, town, or county governmental unit.

(D) At least one (1) member must reside in Gary.

(E) At least one (1) member must reside in Hammond.

(c) Not more than three (3) members of the commission may be members of the same political party.

SECTION 62. IC 14-13-2-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 19. (a) The Little Calumet River project development fund is created. The commission shall make expenditures from the fund only to accomplish the purposes of this chapter.

(b) The commission shall do the following:

(1) Hold the fund in the name of the commission.

(2) Administer the fund.

(3) Make all expenditures from the fund.

(4) Hold money received under IC 4-33-13.5 in a segregated account within the fund.

(c) The money in the fund at the end of a fiscal year remains in the fund and does not revert to any other fund.

SECTION 63. IC 14-13-2-19.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 19.5. (a) Money received under IC 4-33-13.5 shall be deposited into a segregated account within the fund. Money deposited into the account:**

(1) except as provided in subsection (b), may be used only for expenses directly related to the operation, repair, and maintenance of flood protection systems within the watershed; and

(2) may not be transferred into other accounts within the fund.

(b) The commission shall annually transfer three hundred thousand dollars ($300,000) from the segregated account referred to in subsection (a) to the northwest Indiana regional development authority established by IC 36-7.5-2-1. However, the aggregate amount paid to the northwest Indiana regional development authority may not exceed six million dollars ($6,000,000). This subsection expires December 31, 2032.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

SOLIDAY

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 120, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 64. IC 20-35-8-1, AS ADDED BY P.L.1-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) Except as provided in subsection (b), if a student with legal settlement in a school corporation is transferred to attend school in another school corporation because of a disability or multiple disabilities, the transferor corporation shall:

(1) either:

(A) provide; or

(B) pay for, in the amount determined under section 2 of this chapter;

any transportation that is necessary or feasible, as determined under section 2 of this chapter and the rules adopted by the state board; and

(2) pay transfer tuition for the student to the transferee corporation in accordance with IC 20-26-11.

(b) If the student attends a school operated through:

(1) a joint school service and supply program; or

(2) another cooperative program;

involving the school corporation of the student's legal settlement, transportation and other costs shall be made in amounts and at the times provided in the agreement or other arrangement made between the participating school corporations.

(c) Student data, including ISTEP program testing scores, academic progress, grade level, and graduation date, for a student described in subsection (a) shall be included in determinations for the school corporation in which the student has legal settlement.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

GRUBB

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 120, between lines 46 and 47, begin a new paragraph and insert:

"SECTION 66. IC 20-43-1-3, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. ~~"Academic~~ "Honors diploma award" refers to the amount determined under IC 20-43-10-2.".

Page 121, line 23, strike "academic".

Page 126, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 82. IC 20-43-10-2, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) A school corporation's ~~academic~~ honors diploma award for a calendar year is the amount determined under STEP ~~TWO~~ **FOUR** of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Determine the result of:

(A) the number of the school corporation's eligible pupils who successfully completed a Core 40 diploma with technical honors program in the school year ending in the previous calendar year; minus

(B) the number of eligible pupils who would otherwise be double counted under both clause (A) and STEP ONE.

STEP THREE: Determine the sum of the number of eligible students determined under STEP ONE and the number of eligible students determined under STEP TWO.

STEP ~~TWO:~~ **FOUR:** Multiply the STEP ~~ONE~~ **THREE** amount by nine hundred dollars ($900).

(b) An amount received by a school corporation as an honors diploma award may be used only for:

(1) any:

(A) staff training;

(B) program development;

(C) equipment and supply expenditures; or

(D) other expenses;

directly related to the school corporation's ~~academic~~ honors diploma program; and

(2) the school corporation's program for high ability students.

(c) A governing body that does not comply with this section for a

school year is not eligible to receive an ~~academic~~ honors diploma award for the following school year.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

CLERE

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 49, between lines 1 and 2, begin a new line double block indented and insert:

"**Total Operating Expense 500,000 500,000**".

Page 49, line 2, delete "(IC 6-7-1-29.1)" and insert "**(IC 6-7-1-29.3)**".

Page 49, line 3, delete "3,116,462 3,116,462" and insert:

"**3,666,425 3,666,425**".

(Reference is to HB 1001 as printed February 21, 2011.)

BATTLES

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 98, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 36. IC 4-4-11.4-7, AS AMENDED BY P.L.1-2006, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 7. (a) The authority may issue its bonds in principal amounts that the authority considers necessary to provide funds for the purposes under this chapter, including the following:

(1) Providing a source of money for the Indiana twenty-first century research and technology **and small business loan** fund established by IC 5-28-16-2.

(2) Payment, funding, or refunding of the principal of, or interest or redemption premiums on, bonds issued by the authority under this chapter whether the bonds or interest to be paid, funded, or refunded have or have not become due.

(3) Establishment or increase of reserves to secure or to pay bonds or interest on bonds and all other costs or expenses of the authority incident to and necessary or convenient to carry out the authority's corporate purposes and powers under this chapter.

(b) Every issue of bonds shall be obligations of the authority payable solely out of the revenues or funds of the authority under section 15 of

this chapter, subject to agreements with the holders of a particular series of bonds pledging a particular revenue or fund. Bonds may be additionally secured by a pledge of a grant or contributions from the United States, a political subdivision, or a person, or by a pledge of income or revenues, funds, or money of the authority from any source.

SECTION 37. IC 4-4-11.4-18, AS AMENDED BY P.L.1-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 18. (a) In order to assure the payment of debt service on bonds of the authority issued under this chapter or maintenance of the required debt service reserve in any reserve fund, the general assembly may annually or biannually appropriate to the authority for deposit in one (1) or more of the funds the sum, certified by the chairman of the authority to the general assembly, that is necessary to pay the debt service on the bonds or to restore one (1) or more of the funds to an amount equal to the required debt service reserve. The chairman annually, before December 1, shall make and deliver to the general assembly the chairman's certificate stating the sum required to pay debt service on the bonds or to restore one (1) or more of the funds to an amount equal to the required debt service reserve. This subsection does not create a debt or liability of the state to make any appropriation.

(b) All amounts received on account of money appropriated by the state to any fund shall be held and applied in accordance with section 15(b) of this chapter. However, at the end of each fiscal year, if the amount in any fund exceeds the debt service or required debt service reserve, any amount representing earnings or income received on account of any money appropriated to the funds that exceeds the expenses of the authority for that fiscal year may be transferred to the Indiana twenty-first century research and technology **and small business loan** fund established by IC 5-28-16-2.

SECTION 38. IC 4-4-32-2, AS AMENDED BY P.L.4-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. As used in this chapter, "fund" refers to the Indiana twenty-first century research and technology **and small business loan** fund established by IC 5-28-16-2.

SECTION 39. IC 4-4-32-3, AS AMENDED BY P.L.2-2007, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. The ~~fund~~ board **of directors of the Indiana economic development corporation** may establish and administer a grant office to assist state agencies, units of local government, postsecondary educational institutions, private sector for-profit and nonprofit entities, and other entities in Indiana in researching, developing, and receiving grants and funding from:

(1) the federal government;

(2) private foundations; or

(3) any other source of funding.

SECTION 40. IC 4-4-32-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) The office

may assist potential funding recipients described in section 5 of this chapter in preparing applications and all other documentation to aggressively seek funding.

(b) The office may give priority to assisting the following:

(1) Highly ranked applicants for ~~grants~~ **loans** from the fund.

(2) Entities with proposal concepts that the ~~fund~~ board **of directors of the Indiana economic development corporation** determines are consistent with state strategic objectives.

(3) Opportunities with strong commercial potential for Indiana.

(4) Opportunities that have substantial private entity interest and participation.".

Page 106, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 51. IC 5-28-16-2, AS AMENDED BY P.L.127-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 2. (a) The Indiana twenty-first century research and technology **and small business loan** fund is established within the state treasury.

(b) Before the implementation of the small business loan program described in section 7 of this chapter, the board shall use the fund to provide ~~grants or~~ **interest free** loans **having a term of not more than ten (10) years** to support proposals for economic development in one (1) or more of the following areas:

(1) To increase the capacity of Indiana postsecondary educational institutions, Indiana businesses, and Indiana nonprofit corporations and organizations to compete successfully for federal or private research and development funding.

(2) To stimulate the transfer of research and technology into marketable products.

(3) To assist with diversifying Indiana's economy by focusing investment in biomedical research and biotechnology, information technology, development of alternative fuel technologies, development and production of fuel efficient vehicles, and other high technology industry clusters requiring high skill, high wage employees.

(4) To encourage an environment of innovation and cooperation among universities and businesses to promote research activity.

~~(b)~~ **(c)** The fund consists of:

(1) appropriations from the general assembly;

(2) proceeds of bonds issued by the Indiana finance authority under IC 4-4-11.4 for deposit in the fund; and

(3) loan repayments.

~~(c)~~ **(d)** The corporation shall administer the fund. The following may be paid from money in the fund:

(1) Expenses of administering the fund.

(2) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.

~~(d)~~ **(e)** Earnings from loans made under this chapter shall be deposited in the fund.

~~(e)~~ **(f)** The budget agency shall review each recommendation. The budget agency, after review by the budget committee, may approve, deny, or modify ~~grants and~~ loans recommended by the board. Money in the fund may not be used to provide a recurring source of revenue for the normal operating expenditures of any project **targeted to one (1) or more of the areas listed in subsection (b).**

~~(f)~~ **(g)** The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

~~(g)~~ **(h)** The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter.

SECTION 52. IC 5-28-16-3, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 3. **(a) This section does not apply to an application requesting a loan from the fund under the small business loan program implemented under section 7 of this chapter.**

~~(a)~~ **(b)** An application requesting ~~a grant or~~ **an interest free** loan from the fund must be targeted to one (1) or more of the areas listed in section 2 of this chapter.

~~(b)~~ **(c)** A successful applicant for a ~~grant or~~ loan from the fund must meet the requirements of this section and be approved by the board. An application for a ~~grant or~~ loan from the fund must be made on an application form prescribed by the board. An applicant shall provide all information that the board finds necessary to make the determinations required by this chapter.

~~(c)~~ **(d)** All applications for a ~~grant or~~ loan from the fund must include the following:

(1) A fully elaborated technical research or business plan, whichever applies, that is appropriate for review by outside experts as provided in this chapter.

(2) A detailed financial analysis that includes the commitment of resources by other entities that will be involved in the project.

(3) A statement of the economic development potential of the project, such as:

(A) a statement of the way in which support from the fund will lead to significantly increased funding from federal or private sources and from private sector research partners; or

(B) a projection of the jobs to be created.

(4) The identity, qualifications, and obligations of the applicant.

(5) Any other information that the board considers appropriate.

An applicant for a ~~grant or~~ loan from the fund may request that certain information that is submitted by the applicant be kept confidential. The board shall make a determination of confidentiality as soon as is practicable. If the board determines that the information should not be kept confidential, the applicant may withdraw the application, and the

board must return the information before making it part of any public record.

~~(d)~~ **(e)** An application for a ~~grant or~~ loan from the fund submitted by an academic researcher must be made through the office of the president of the researcher's academic institution with the express endorsement of the institution's president. An application for a ~~grant or~~ loan from the fund submitted by a private researcher must be made through the office of the highest ranking officer of the researcher's institution with the express endorsement of the institution. Any other application must be made through the office of the highest ranking officer of the entity submitting the application. In the case of an application for a ~~grant or~~ loan from the fund that is submitted jointly by one (1) or more researchers or entities, the application must be endorsed by each institution or entity as required by this subsection.

SECTION 53. IC 5-28-16-4, AS AMENDED BY P.L.2-2007, SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 4. (a) The board has the following powers:

(1) To accept, analyze, and approve applications under this chapter.

(2) To contract with experts for advice and counsel.

(3) To employ staff to assist in carrying out this chapter, including providing assistance to applicants who wish to apply for a ~~grant or~~ loan from the fund, analyzing proposals, working with experts engaged by the board, and preparing reports and recommendations for the board.

(4) To approve and recommend applications for ~~grants or~~ loans from the fund to the budget committee and budget agency.

(b) The board shall give priority to applications for ~~grants or~~ loans from the fund that:

(1) have the greatest economic development potential; and

(2) require the lowest ratio of money from the fund compared with the combined financial commitments of the applicant and those cooperating on the project.

(c) The board shall make final funding determinations for applications for ~~grants or~~ loans from the fund that will be submitted to the budget agency for review and approval. In making a determination on a proposal intended to obtain federal or private research funding, the board shall be advised by a peer review panel and shall consider the following factors in evaluating the proposal:

(1) The scientific merit of the proposal.

(2) The predicted future success of federal or private funding for the proposal.

(3) The ability of the researcher to attract merit based scientific funding of research.

(4) The extent to which the proposal evidences interdisciplinary or interinstitutional collaboration among two (2) or more Indiana postsecondary educational institutions or private sector partners,

as well as cost sharing and partnership support from the business community.

The purposes for which ~~grants and~~ loans may be made include erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, and furnishing research and technology transfer facilities.

(d) The peer review panel shall be chosen by and report to the board. In determining the composition and duties of a peer review panel, the board shall consider the National Institutes of Health and the National Science Foundation peer review processes as models. The members of the panel must have extensive experience in federal research funding. A panel member may not have a relationship with any private entity or postsecondary educational institution in Indiana that would constitute a conflict of interest for the panel member.

(e) In making a determination on any other application for a ~~grant or~~ loan from the fund involving a proposal to transfer research results and technologies into marketable products or commercial ventures, the board shall consult with experts as necessary to analyze the likelihood of success of the proposal and the relative merit of the proposal.

(f) A ~~grant or~~ loan from the fund may not be approved or recommended to the budget agency by the board unless the ~~grant or~~ loan has received a positive recommendation from a peer review panel described in this section.

SECTION 54. IC 5-28-16-6, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 6. The board shall submit an annual report to the legislative council before September 1. The report must be in an electronic format under IC 5-14-6 and must contain the following information concerning fund activity in the preceding state fiscal year:

(1) The name of each entity receiving a grant **(before January 1, 2012) or a loan** from the fund.

(2) The location of each entity sorted by:

(A) county, in the case of an entity located in Indiana; or

(B) state, in the case of an entity located outside Indiana.

(3) The amount of each grant **or loan** awarded to each entity.

SECTION 55. IC 5-28-16-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: **Sec. 7. (a) This section applies if the balance in the fund reaches fifty million dollars ($50,000,000) at any time.**

(b) The board shall:

(1) establish policies to carry out a program for the use of the fund to provide interest free loans to small businesses located in Indiana that:

(A) employ fewer than one hundred (100) persons; and

(B) have annual sales of not more than one hundred million dollars ($100,000,000);

(2) submit the proposed policies for review by the budget committee and approval by the budget agency; and

(3) implement the policies and program after review by the budget committee and approval by the budget agency.

(c) The policies established by the board under subsection (b) must include provisions stating that:

(1) loans shall be restricted to enterprises that retain at least ten (10) permanent jobs or create at least ten (10) new and permanent jobs in Indiana;

(2) a loan may be used only for working capital;

(3) a loan may not exceed twenty-five percent (25%) of the total investment;

(4) the term of a loan may not exceed fifteen (15) years;

(5) no interest may be charged on a loan; and

(6) before making a loan, the board shall determine that there is reasonable assurance that the loan will be repaid, taking into consideration:

(A) the financial condition of the business;

(B) the financial feasibility of the proposed use of the loan proceeds by the business; and

(C) any other information that the board considers relevant to its determination.

(d) A successful applicant for a loan from the fund under this section must meet the requirements of this section and be approved and recommended by the board to the budget agency. The budget agency shall review each recommendation. The budget agency, after review by the budget committee, may approve, deny, or modify loans recommended by the board.

(e) After implementation of the small business loan program under this section, the board may not approve or recommend loans from the fund that are targeted to the areas listed in section 2 of this chapter.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

RIECKEN

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 98, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 36. IC 4-7-5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 5. Indiana Transparency Portal

Sec. 1. (a) As used in this chapter, "state agency" means an authority, a board, a branch, a commission, a committee, a department, a division, or another instrumentality of government, including the administrative branch of state government, the legislative branch of state government, and the judicial branch of state government.

(b) The term does not include a state educational institution.

Sec. 2. The auditor of state shall:

(1) maintain a comprehensive data base of nonconfidential information pertaining to the state's finances; and

(2) make the data base specified in subdivision (1) publicly available on the auditor of state's Internet web site.

The information system described in this section is known as the Indiana transparency portal.

Sec. 3. The Indiana transparency portal must include mechanisms that readily allow a user of the system to search for, display, and retrieve information maintained in the system.

Sec. 4. The information maintained in the Indiana transparency portal must include the following:

(1) Budget information.

(2) State revenues.

(3) State expenditures, including expenditures for:

(A) the compensation of state employees; and

(B) state contracts.

(4) Fund balances.

Sec. 5. (a) The auditor of state may request that a state agency furnish information held by the state agency to the auditor of state for inclusion in the Indiana transparency portal.

(b) Except as provided in subsection (c), a state agency that has received a request for information from the auditor of state shall cooperate in furnishing the requested information to the auditor of state.

(c) A state agency shall refuse a request for information from the auditor of state under subsection (a) to the extent that the requested information is confidential under state or federal law.

Sec. 6. If a state agency is required to submit information to the auditor of state for inclusion in the Indiana transparency portal under section 5 of this chapter or any other law, the state agency shall submit the information in an electronic format specified by the auditor of state.

Sec. 7. Before October 1 of each state fiscal year, and every three (3) months thereafter, the budget agency shall submit a report to the auditor of state for inclusion in the Indiana transparency portal showing the amount of each augmentation of a state budget appropriation made during the state fiscal year thus far elapsed that exceeds one hundred thousand dollars ($100,000).".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

PRYOR

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 109, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 52. IC 12-10-6-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. The division shall maintain a waiting list for individuals who are eligible to receive residential care assistance under this chapter but for whom funding is not available. When funding becomes available, the division shall notify the individual who is first on the waiting list that funding is available and complete the process for confirming eligibility and starting services.**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

KLINKER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 9, delete line 25, begin a new line and insert:

"**Total Operating Expense 3,000,248 3,000,248**
Augmentation allowed.".

Page 9, line 36, after "funds." insert "**In each fiscal year, the office of guardian ad litem shall set aside at least thirty thousand dollars ($30,000) from the foregoing appropriation to provide older youth foster care.**".

(Reference is to HB 1001 as printed February 21, 2011.)

KLINKER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 65, delete line 23, begin a new line and insert:

"**Total Operating Expense 145,000 145,000**".

(Reference is to HB 1001 as printed February 21, 2011.)

BROWN C

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 135, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 91. IC 36-9-15-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county fiscal body may establish cumulative building funds under IC 6-1.1-41 or sinking funds in the same manner as cumulative funds are established under IC 6-1.1-41 for the:

(1) construction, repair, remodeling, enlarging, and equipment of:

(A) a county jail; or

(B) a juvenile detention center to be operated under IC 31-31-9;

(2) purchase, lease, or payment of all or part of the purchase price of motor vehicles for use of a community corrections program; or

~~(2)~~ **(3)** in a county having a consolidated city, purchase, lease, or payment of all or part of the purchase price of motor vehicles for use of the sheriff's department.

(b) The county fiscal body may levy taxes to provide money for:

(1) cumulative building funds established under this chapter in compliance with IC 6-1.1-41; or

(2) sinking funds established under this chapter in the same manner a tax is levied for a cumulative fund under IC 6-1.1-41.

(c) IC 6-1.1-41 applies to a sinking fund under this chapter to the same extent as if the sinking fund was a cumulative fund.

SECTION 92. IC 36-9-16-3, AS AMENDED BY P.L.34-2010, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. A unit may establish cumulative capital improvement funds to provide money for one (1) or more of the following purposes:

(1) To acquire land or rights-of-way to be used for public ways or sidewalks.

(2) To construct and maintain public ways or sidewalks.

(3) To acquire land or rights-of-way for the construction of

sanitary or storm sewers, or both.

(4) To construct and maintain sanitary or storm sewers, or both.

(5) To acquire, by purchase or lease, or to pay all or part of the purchase price of a utility.

(6) To purchase or lease land, buildings, or rights-of-way for the use of any utility that is acquired or operated by the unit.

(7) To purchase or acquire land, with or without buildings, for park or recreation purposes.

(8) To purchase, lease, or pay all or part of the purchase price of motor vehicles for the use of **any combination of** the police, **a community corrections program,** or **the** fire department, ~~or both,~~ including ambulances and firefighting vehicles with the necessary equipment, ladders, and hoses.

(9) To retire in whole or in part any general obligation bonds of the unit that were issued for the purpose of acquiring or constructing improvements or properties that would qualify for the use of cumulative capital improvement funds.

(10) To purchase or lease equipment and other nonconsumable personal property needed by the unit for any public transportation use.

(11) In a county or a consolidated city, to purchase or lease equipment to be used to illuminate a public way or sidewalk.

(12) The fund may be used for any of the following purposes:

(A) To purchase, lease, upgrade, maintain, or repair one (1) or more of the following:

(i) Computer hardware.

(ii) Computer software.

(iii) Wiring and computer networks.

(iv) Communication access systems used to connect with computer networks or electronic gateways.

(B) To pay for the services of full-time or part-time computer maintenance employees.

(C) To conduct nonrecurring inservice technology training of unit employees.

(13) To purchase body armor (as defined in IC 35-47-5-13(a)) for active members of a police department under:

(A) IC 36-5-7-7;

(B) IC 36-8-4-4.5;

(C) IC 36-8-9-9; and

(D) IC 36-8-10-4.5.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

LAWSON L

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 27, line 49, delete "837,148 837,148" and insert "**1,097,252 1,097,252**".

Page 27, after line 49, begin a new line and insert:

"**Social Services Block Grant**

Total Operating Expense 636,672 636,672".

Page 28, line 2, delete "1,107,795 1,107,795" and insert "**1,115,590 1,115,590**".

(Reference is to HB 1001 as printed February 21, 2011.)

LAWSON L

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 106, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 46. IC 5-16-1-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. The governing board of any state educational institution, acting on behalf of said institution, may purchase materials in the manner provided by law and perform any work by means of its own employees and owned or leased equipment in the construction, rehabilitation, extension, maintenance or repair of any building, structure, improvement or facility of said institutions, without awarding a contract therefor, whenever the cost of such work shall be estimated to be less than **one hundred** fifty thousand dollars ~~($50,000).~~ **($150,000).**

SECTION 47. IC 5-16-1-1.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.7. On agricultural or forestry land owned or occupied by Purdue University and used by it for educational or research purposes, the trustees of the university may, upon a declaration of necessity recorded in its minutes, award contracts without advertising for bids or otherwise satisfying the requirements of this chapter, if the cost of work is estimated to be less than **one hundred** fifty thousand dollars ~~($50,000).~~ **($150,000).** However, bids shall be invited from at least three (3) or more persons, firms, limited liability companies, or corporations known to deal in the work required to be done. The minutes of the board shall show the names of those invited to bid.

SECTION 48. IC 5-16-1-1.9, AS AMENDED BY P.L.2-2007, SECTION 103, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.9. Notwithstanding this article, a state educational institution may award a contract for any construction or repair work to any building, structure, or improvement

of the institution without advertising for bids and meeting other contract awarding requirements of this article whenever the estimated cost of the project is less than **one hundred** fifty thousand dollars ~~($50,000).~~ **($150,000).** However, in awarding any contract under this section the state educational institution must do the following:

(1) Invite bids from at least three (3) persons, firms, limited liability companies, or corporations known to deal in the work required to be done.

(2) Give notice of the project if the estimated cost of the project is more than ~~twenty-five~~ **one hundred** thousand dollars ~~($25,000).~~ **($100,000).** If required, notice must include a description of the work to be done and be given in at least one (1) newspaper of general circulation printed and published in the county in which the work is to be done.

(3) Award the contract to the lowest and best bidder.".

Page 127, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 83. IC 21-30-6-3, AS ADDED BY P.L.2-2007, SECTION 271, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) If the board of trustees of a state educational institution decides to sell, convey, or dispose of real property received as a gift, bequest, or devise, the board of trustees shall adopt a resolution to that effect.

(b) If the value of the real property, as determined by an independent appraisal procured by the board of trustees, is less than ~~five~~ **seven** hundred **fifty** thousand dollars ~~($500,000),~~ **($750,000),** no further authorization is required before the board of trustees may dispose of the real property.

(c) If the board of trustees determines by appraisal or otherwise that the value of the real property is ~~five~~ **seven** hundred **fifty** thousand dollars ~~($500,000)~~ **($750,000)** or more, the following apply:

(1) The value of the real property comprised in and constituting the gift, bequest, or devise shall be determined by three (3) disinterested appraisers appointed by the governor.

(2) The real property may not be sold, conveyed, or otherwise disposed of for less than the appraised value of the real property.

(3) The sale, conveyance, or disposition must be approved by the governor.".

Page 127, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 85. IC 21-33-3-5, AS AMENDED BY P.L.31-2010, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Subject to this section, in addition to projects authorized by the general assembly, the board of trustees of a state educational institution may engage in a project to:

(1) construct buildings or facilities of a cost greater than five hundred thousand dollars ($500,000); or

(2) purchase or lease-purchase land, buildings, or facilities the

principal value of which exceeds two hundred fifty thousand dollars ($250,000);

only if there are funds available for the project, the project meets any of the applicable conditions, and the project is reviewed by the commission for higher education and approved by the governor upon recommendation of the budget agency. The review by the commission for higher education must be completed not later than ninety (90) days after the project is submitted for review.

(b) If:

(1) any part of the cost of a project described in subsection (a) is paid by state appropriated funds or by mandatory student fees assessed all students; and

(2) the project is to:

(A) construct buildings or facilities of a cost greater than ~~five~~ **seven** hundred **fifty** thousand dollars ~~($500,000),~~ **($750,000);** or

(B) purchase or lease-purchase land, buildings, or facilities the principal value of which exceeds ~~three~~ **five** hundred thousand dollars ~~($300,000),~~ **($500,000);**

the project must also be approved by the general assembly.

(c) This section does not limit the board of trustees in supplementing a project approved by the general assembly from gifts or other available funds so long as approval for the expansion of the project is given by the governor on review by the commission for higher education and recommendation of the budget agency.

(d) The review and approval requirements of this section do not apply to a project to:

(1) construct buildings or facilities; or

(2) purchase or lease-purchase land, buildings, or facilities;

if the project involves the expansion or improvement of housing for students undertaken entirely by a fraternity or sorority at the state educational institution.

SECTION 86. IC 21-33-3-6, AS AMENDED BY P.L.31-2010, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Subject to subsection (b), in addition to projects authorized by the general assembly, the board of trustees of a state educational institution may engage in a repair and rehabilitation project for which:

(1) the cost of the project exceeds seven hundred fifty thousand dollars ($750,000); and

(2) any part of the cost of the project is paid by state appropriated funds or by mandatory student fees assessed all students;

only if the project is reviewed by the commission for higher education and approved by the governor, on recommendation of the budget agency. The review by the commission for higher education must be completed not later than ninety (90) days after the project is submitted for review.

(b) If no part of the cost of a repair and rehabilitation project is paid

by state appropriated funds or by mandatory student fees assessed all students, the review and approval requirements of this section apply only if the project exceeds one million **five hundred thousand** dollars ~~($1,000,000).~~ **($1,500,000).**

SECTION 87. IC 21-33-3-9, AS ADDED BY P.L.2-2007, SECTION 274, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. To pay the cost of a project authorized under this chapter, the following funds may be used:

(1) Funds appropriated in any state fiscal year for the project by the general assembly, subject to allocation of the funds by the budget agency, with approval of the governor.

(2) Funds derived from the issuance and sale of bonds by the board of trustees of any of the state educational institutions, so long as the issuance of the bonds that are to be supported by mandatory student fees assessed all students has been approved by the general assembly for each applicable project.

(3) Funds derived from earnings, farm and miscellaneous sales, or other receipts, so long as a project to:

(A) construct buildings or facilities with a cost greater than ~~ninety~~ **three hundred** thousand dollars ~~($90,000),~~ **($300,000);** or

(B) purchase or lease-purchase land, buildings, or facilities the principal value of which exceeds ~~fifty~~ **one hundred fifty** thousand dollars ~~($50,000),~~ **($150,000);**

is reviewed by the commission for higher education and approved by the governor, on recommendation of the budget agency.

(4) Federal funds granted and allowed a state educational institution for a project to construct buildings or facilities, so long as each project:

(A) with a cost greater than ~~ninety~~ **three hundred** thousand dollars ~~($90,000),~~ **($300,000);** or

(B) to purchase or lease-purchase land, buildings, or facilities the principal value of which exceeds **one hundred** fifty thousand dollars ~~($50,000),~~ **($150,000);**

is reviewed by the commission for higher education and approved by the governor, on recommendation of the budget agency.

(5) Available funds derived from gifts, bequests, devises, or other source not listed in subdivisions (1) through (4), so long as each project to:

(A) construct buildings or facilities with a cost greater than ~~ninety~~ **three hundred** thousand dollars ~~($90,000),~~ **($300,000);** or

(B) purchase or lease-purchase land, buildings, or facilities the principal value of which exceeds **one hundred** fifty thousand dollars ~~($50,000),~~ **($150,000);**

is reviewed by the commission for higher education and approved by the governor, on recommendation of the budget agency.

SECTION 88. IC 21-33-4-1, AS ADDED BY P.L.2-2007,

SECTION 274, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. A state educational institution may undertake a qualified energy savings project as provided in this chapter. If the part of the qualified energy savings project related to real property improvements is greater than ~~five~~ **seven** hundred **fifty** thousand dollars ~~($500,000),~~ **($750,000),** the project must be reviewed by the commission for higher education and approved by the governor and the budget director on the recommendation of the budget committee. A qualified energy savings project does not require the prior approval of the general assembly, notwithstanding the source of payment for the project or bonds issued to fund the project.

SECTION 89. IC 21-34-9-2, AS ADDED BY P.L.2-2007, SECTION 275, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. This chapter does not apply to any contract:

(1) relating to a building facility the cost of which does not exceed **three hundred** fifty thousand dollars ~~($50,000),~~ **($350,000);** or

(2) for architectural or engineering services relating to the planning of a building facility.

SECTION 90. IC 21-34-10-7, AS AMENDED BY P.L.182-2009(ss), SECTION 366, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. Bonds may be issued by the board of trustees of a state educational institution without the approval of the general assembly to finance a qualified energy savings project if annual operating savings to the state educational institution arising from the implementation of a qualified energy savings project are reasonably expected to be at least equal to annual debt service requirements on bonds issued for this purpose in each fiscal year. However, the amount of bonds outstanding for the state educational institution other than Ivy Tech Community College at any time for qualified energy savings projects, other than refunding bonds and exclusive of costs described in sections 3 and 4 of this chapter, may not exceed fifteen million dollars ($15,000,000) for each campus of the state educational institution. ~~Any annual operating savings realized by Purdue University and Indiana University in excess of the annual debt service requirements on bonds issued shall be used to fund basic research for the Indiana Innovation Alliance.~~ The amount of bonds outstanding for Ivy Tech Community College at any time for qualified energy savings projects, other than refunding bonds and exclusive of costs described in sections 3 and 4 of this chapter, may not exceed forty-five million dollars ($45,000,000). Bonds issued under this section are not eligible for fee replacement.

SECTION 91. IC 21-34-10-8, AS ADDED BY P.L.2-2007, SECTION 275, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. **(a) Subject to this section,** bonds may be issued by the board of trustees of Purdue University **or Indiana University,** without the approval of the general assembly, for deferred expenditures, as determined under accounting principles

approved by the state board of accounts, to:

(1) repair, rehabilitate, remodel, renovate, or reconstruct existing facilities or buildings;

(2) improve or replace utilities or fixed equipment; or

(3) perform related site improvement work.

~~However,~~

(b) The total amount of bonds ~~issued~~ **outstanding** for Purdue University under this section without the approval of the general assembly, ~~other than refunding bonds and~~ exclusive of costs described in sections 3 and 4 of this chapter, may not exceed sixty million dollars ($60,000,000).

(c) The total amount of bonds outstanding for Indiana University under this section without the approval of the general assembly, exclusive of costs described in sections 3 and 4 of this chapter, may not exceed sixty million dollars ($60,000,000).".

Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as printed February 21, 2011.)

TRUITT

HOUSE MOTION

Mr. Speaker: I move that House Bill 1001 be amended to read as follows:

Page 86, delete line 5, begin a new line and insert:

"**Other Operating Expense 36,000 36,000**".

(Reference is to HB 1001 as printed February 21, 2011.)

CRAWFORD

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred House Bill No. 1001, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1001 as reprinted March 30, 2011.)

KENLEY, Chairperson

Committee Vote: Yeas 8, Nays 3.