

Adopted	Rejected
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# COMMITTEE REPORT

YES: 15  
NO: 8

## 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:*

- 1 Page 8, delete line 40, begin a new line and insert:
- 2 "Personal Services 56,979,814 56,979,814".
- 3 Page 8, delete line 43, begin a new line and insert:
- 4 "Personal Services 24,468,828 24,468,828".
- 5 Page 13, delete line 37, begin a new line and insert:
- 6 "Total Operating Expense 2,000,000".
- 7 Page 13, delete line 47, begin a new line and insert:
- 8 "Total Operating Expense 0 15,000,000".
- 9 Page 17, delete line 21, begin a new line and insert:
- 10 "Total Operating Expense 6,210,000 6,210,000".
- 11 Page 17, delete line 25, begin a new line and insert:
- 12 "Total Operating Expense 4,968,000 4,968,000".
- 13 Page 17, delete line 29, begin a new line and insert:
- 14 "Total Operating Expense 648,000 648,000".
- 15 Page 19, delete line 13, begin a new line and insert:

- 1           **"Total Operating Expense    1,000,000    1,000,000".**
- 2           Page 19, delete line 32, begin a new line and insert:
- 3           **"Other Operating Expense    12,724,840    14,024,840".**
- 4           Page 20, line 48, delete "\$30" and insert "\$35".
- 5           Page 21, between lines 15 and 16, begin a new line and insert:
- 6           **"POSTSECONDARY CORRECTIONAL EDUCATION**
- 7           **Other Operating Expense    3,915,000    3,915,000**
- 8           **The above appropriations for postsecondary correctional**
- 9           **education shall be used by the department of correction to offer**
- 10          **associate's degrees, workforce certificates, or other vocational**
- 11          **programs to incarcerated persons."**
- 12          Page 33, between lines 10 and 11, begin a new line and insert:
- 13          **"LINCOLN PRODUCTION**
- 14          **Total Operating Expense    220,000    220,000".**
- 15          Page 36, between lines 6 and 7, begin a new line and insert:
- 16          **"Augmentation allowed."**
- 17          Page 49, between lines 26 and 27, begin a new line and insert:
- 18          **"Indiana Twenty-First Century Research and Technology**
- 19          **Fund (IC 5-28-16-2)".**
- 20          Page 51, delete line 15, begin a new line and insert:
- 21          **"Total Operating Expense    35,031,051    36,628,678".**
- 22          Page 54, delete line 33, begin a new line and insert:
- 23          **"Formal Contracts Expense   530,000,000   50,000,000".**
- 24          Page 56, delete line 18, begin a new line and insert:
- 25          **"Total Operating Expense    1,747,200,000 1,892,900,000".**
- 26          Page 61, delete line 4, begin a new line and insert:
- 27          **"Total Operating Expense    44,053,605    48,765,643".**
- 28          Page 61, line 7, after "waiver." insert **"The intragovernmental**
- 29          **transfers for use in the Medicaid aged and disabled waiver may not**
- 30          **exceed in the state fiscal year beginning July 1, 2011, and ending**
- 31          **June 30, 2012, twenty-five million eight hundred thousand dollars**
- 32          **(\$25,800,000) and in the state fiscal year beginning July 1, 2012,**
- 33          **and ending June 30, 2013, twenty-five million eight hundred**
- 34          **thousand dollars (\$25,800,000)."**
- 35          Page 61, line 16, delete "year; and" and insert **"year, including a**
- 36          **separate count of individuals who received no services other than**
- 37          **case management services (as defined in 460 IAC 1.2-4-10) during**
- 38          **the preceding fiscal year;"**.

1 Page 61, line 18, delete "year." and insert "year, including a  
 2 separate calculation of the average annual per recipient cost of  
 3 individuals who received no services other than case management  
 4 services (as defined in 460 IAC 1.2-4-10) during the preceding  
 5 fiscal year;  
 6 (3) a comparative analysis of the average annual per recipient cost  
 7 to the state during the preceding fiscal year of providing home and  
 8 community based services to individuals receiving services through  
 9 the C.H.O.I.C.E. program and to individuals receiving services  
 10 through the Medicaid aged and disabled waiver program;  
 11 (4) an estimate of the number of recipients of home and community  
 12 based services who would have been placed in long term care  
 13 facilities during the preceding fiscal year had they not received  
 14 home and community based services; and  
 15 (5) an estimate of the total cost savings during the preceding fiscal  
 16 year realized by the state due to recipients of home and community  
 17 based services (including Medicaid) being diverted from long term  
 18 care facilities."

19 Page 62, delete line 11, begin a new line and insert:

20 "accessABILITY CENTER FOR INDEPENDENT LIVING".

21 Page 65, between lines 5 and 6, begin a new line and insert:

22 "Tobacco Master Settlement Agreement Fund (IC  
 23 4-12-1-14.3)".

24 Page 68, delete line 12, begin a new line and insert:

25 "Total Operating Expense 8,051,037 8,051,037".

26 Page 68, line 14, delete "75%" and insert "85%".

27 Page 69, delete line 21, begin a new line and insert:

28 "Total Operating Expense 179,823,196 179,823,196".

29 Page 69, delete line 26, begin a new line and insert:

30 "Total Operating Expense 8,330,921 8,330,921".

31 Page 69, delete line 30, begin a new line and insert:

32 "Total Operating Expense 11,354,682 11,354,682".

33 Page 69, delete line 34, begin a new line and insert:

34 "Total Operating Expense 16,275,368 16,275,368".

35 Page 69, delete line 38, begin a new line and insert:

36 "Total Operating Expense 21,756,890 21,756,890".

37 Page 69, delete line 42, begin a new line and insert:

38 "Total Operating Expense 18,976,859 18,976,859".

1 Page 69, delete line 46, begin a new line and insert:  
2 **"89,819,501 90,030,680"**.

3 Page 70, delete lines 2 through 3, begin a new line and insert:  
4 **"Total Operating Expense 100,291,194 100,291,194**  
5 **Fee Replacement 2,919,493 3,405,551"**.

6 Page 70, delete lines 34 through 35, begin a new line and insert:  
7 **"Total Operating Expense 84,389,612 84,389,612**  
8 **Fee Replacement 12,609,727 14,709,082"**.

9 Page 70, delete line 38, begin a new line and insert:  
10 **"212,357,689 214,943,102"**

11 Page 71, between lines 2 and 3, begin a new line and insert:  
12 **"MEDICAL EDUCATION CENTER EXPANSION**  
13 **Total Operating Expense 2,000,000 2,000,000**  
14 **The above appropriations for medical education center expansion**  
15 **are intended to help increase medical school class size on a**  
16 **statewide basis. The funds shall be used to help increase enrollment**  
17 **and to provide clinical instruction. The funds shall be distributed**  
18 **to the nine (9) existing medical education centers in proportion to**  
19 **the increase in enrollment for each center."**

20 Page 71, delete lines 22 through 23, begin a new line and insert:  
21 **"Total Operating Expense 234,479,193 234,479,193**  
22 **Fee Replacement 25,150,230 25,971,198"**.

23 Page 71, delete line 27, begin a new line and insert:  
24 **"Total Operating Expense 26,844,940 26,844,940"**.

25 Page 71, delete line 31, begin a new line and insert:  
26 **"Total Operating Expense 13,073,588 13,073,588"**.

27 Page 71, delete line 34, begin a new line and insert:  
28 **"41,408,586 41,408,300"**.

29 Page 71, delete line 38, begin a new line and insert:  
30 **"Total Operating Expense 38,563,050 38,563,050"**.

31 Page 72, delete line 12, begin a new line and insert:  
32 **"Total Operating Expense 6,692,010 6,692,010"**.

33 Page 72, delete line 15, begin a new line and insert:  
34 **"Total Operating Expense 6,696,039 6,696,039"**.

35 Page 72, delete line 21, begin a new line and insert:  
36 **"Total Operating Expense 1,747,361 1,747,361"**.

37 Page 72, delete line 24, begin a new line and insert:  
38 **"Total Operating Expense 67,650,483 67,650,483"**.

- 1 Page 72, delete lines 31 through 32, begin a new line and insert:  
 2 **"Total Operating Expense 40,109,493 40,109,493**  
 3 **Fee Replacement 10,998,767 11,567,417"**.  
 4 Page 72, delete lines 38 through 39, begin a new line and insert:  
 5 **"Total Operating Expense 118,723,016 118,723,016**  
 6 **Fee Replacement 14,418,557 14,731,545"**.  
 7 Page 72, delete line 42, begin a new line and insert:  
 8 **"Total Operating Expense 1,666,000 1,666,000"**.  
 9 Page 72, delete line 45, begin a new line and insert:  
 10 **"Total Operating Expense 3,953,298 3,953,298"**.  
 11 Page 72, delete line 48, begin a new line and insert:  
 12 **"Total Operating Expense 36,492,378 36,492,378"**.  
 13 Page 73, delete lines 3 through 4, begin a new line and insert:  
 14 **"Total Operating Expense 186,417,941 186,417,941**  
 15 **Fee Replacement 29,817,924 30,877,963"**.  
 16 Page 75, delete lines 20 through 26, begin a new line and insert:  
 17 **"SOUTHERN INDIANA EDUCATIONAL ALLIANCE**  
 18 **Build Indiana Fund (IC 4-30-17)**  
 19 **Total Operating Expense 1,090,452 1,090,452"**.  
 20 Page 75, delete line 47, begin a new line and insert:  
 21 **"Total Operating Expense 50,350,913 50,350,913"**.  
 22 Page 75, delete line 49, begin a new line and insert:  
 23 **"Total Operating Expense 147,666,658 147,666,658"**.  
 24 Page 76, delete line 39, begin a new line and insert:  
 25 **"Total Operating Expense 7,851,835 7,851,835"**.  
 26 Page 78, between lines 13 and 14, begin a new line and insert:  
 27 **"PUBLIC TELEVISION DISTRIBUTION**  
 28 **Total Operating Expense 1,610,000 1,610,000**  
 29 **The above appropriations are for grants for public television. The**  
 30 **Indiana Public Broadcasting Stations, Inc., shall submit a**  
 31 **distribution plan for the eight Indiana public education television**  
 32 **stations that shall be approved by the budget agency after review**  
 33 **by the budget committee. Of the above appropriations, \$184,000**  
 34 **each year shall be distributed equally among all of the public radio**  
 35 **stations."**  
 36 Page 79, delete line 27, begin a new line and insert:  
 37 **"Total Operating Expense 6,247,700,000 6,247,700,000"**.  
 38 Page 83, delete line 20, begin a new line and insert:

- 1           **"Other Operating Expense   2,500,000       2,500,000".**
- 2           Page 83, line 24, after "Indiana." insert **"In addition, the above**
- 3 **appropriation includes \$50,000 each state fiscal year for the Center**
- 4 **for Evaluation and Education Policy."**
- 5           Page 91, delete line 6, begin a new line and insert:
- 6           **"65,950,840".**
- 7           Page 91, delete line 24, begin a new line and insert:
- 8           **"TOTAL                               631,291,071".**
- 9           Page 96, delete lines 27 through 44.
- 10          Page 98, line 11, after "than" insert **"July 31, 2012, and".**
- 11          Page 98, line 11, delete "a" and insert **"each".**
- 12          Page 98, line 11, delete "year," and insert **"year that begins after**
- 13 **June 30, 2012,".**
- 14          Page 98, line 17, delete "year," and insert **"year beginning after**
- 15 **June 30, 2012,".**
- 16          Page 98, line 36, beginning with "(A)" begin a new line double
- 17 block indented.
- 18          Page 98, line 37, beginning with "(B)" begin a new line double
- 19 block indented.
- 20          Page 99, delete lines 6 through 47, begin a new paragraph and
- 21 insert:
- 22           "SECTION 38. IC 4-35-7-12, AS AMENDED BY P.L.142-2009,
- 23 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 24 JULY 1, 2011]: Sec. 12. (a) The Indiana horse racing commission shall
- 25 enforce the requirements of this section.
- 26           (b) ~~Except as provided in subsections (j) and (k);~~ A licensee shall
- 27 ~~before the fifteenth day of each month devote to the gaming integrity~~
- 28 ~~fund; horse racing purses; and to horsemen's associations an amount~~
- 29 ~~equal to distribute~~ fifteen percent (15%) of the adjusted gross receipts
- 30 of the slot machine wagering ~~from the previous month~~ at the licensee's
- 31 racetrack **in conformity with this section.** The Indiana horse racing
- 32 commission may not use any of ~~this the money it receives under this~~
- 33 **section** for any administrative purpose or other purpose of the Indiana
- 34 horse racing commission, and the entire amount of the money shall be
- 35 distributed as provided in this section. A licensee shall pay the first two
- 36 hundred fifty thousand dollars (\$250,000) distributed under this section
- 37 in a state fiscal year to the Indiana horse racing commission for deposit
- 38 in the gaming integrity fund established by IC 4-35-8.7-3. After this

1 money has been distributed to the Indiana horse racing commission, a  
2 licensee shall distribute the remaining money ~~devoted to horse racing~~  
3 ~~purses and to horsemen's associations under this subsection~~ as follows:

4 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's  
5 associations for equine promotion or welfare according to the  
6 ratios specified in subsection (e).

7 (2) Two and five-tenths percent (2.5%) shall be transferred to  
8 horsemen's associations for backside benevolence according to  
9 the ratios specified in subsection (e).

10 (3) ~~Ninety-seven~~ **Thirty-nine and five-tenths** percent ~~(97%)~~  
11 **(39.5%)** shall be distributed to promote horses and horse racing  
12 as provided in subsection (d). **However, the total amount of**  
13 **money that may be distributed under this subdivision in a**  
14 **particular state fiscal year to promote horses and horse racing**  
15 **may not exceed twenty-seven million dollars (\$27,000,000).**  
16 **Any amounts otherwise distributable under this subdivision**  
17 **that exceed twenty-seven million dollars (\$27,000,000) shall be**  
18 **remitted to the department for deposit in the state general**  
19 **fund.**

20 (4) ~~Fifty-seven and five-tenths percent (57.5%)~~ shall be  
21 remitted to the department for deposit as follows:

22 (A) ~~Fifteen million two hundred fifty thousand dollars~~  
23 ~~(\$15,250,000) available for distribution under this~~  
24 ~~subdivision in a state fiscal year shall be distributed to the~~  
25 ~~twenty-first century research and technology fund~~  
26 ~~established by IC 5-28-16-2 for the purposes of the fund.~~  
27 ~~Deposits in the twenty-first century research and~~  
28 ~~technology fund under this clause shall be made during the~~  
29 ~~state fiscal year on the schedule determined by the budget~~  
30 ~~agency.~~

31 (B) ~~The amount not needed to make the deposits required~~  
32 ~~under clause (A) shall be deposited in the state general~~  
33 ~~fund.~~

34 **The amount to be distributed from wagers made in a month under**  
35 **subdivisions (1) and (2) and (to the extent the distributions are to**  
36 **promote horses and horse racing) under subdivision (3) shall be**  
37 **distributed before the fifteenth day of the immediately following**  
38 **month. A licensee shall make the distributions to the state general**

1 **fund and the twenty-first century research and technology fund**  
 2 **before the close of the business day following the day the wagers**  
 3 **are made. The department may require that daily distributions be**  
 4 **remitted by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).**  
 5 **If the department requires the money to be remitted through**  
 6 **electronic funds transfer, the department may allow the licensee to**  
 7 **file a monthly report to reconcile the amounts remitted to the**  
 8 **department.**

9 (c) A horsemen's association shall expend the amounts distributed  
 10 to the horsemen's association under subsection (b)(1) through (b)(2) for  
 11 a purpose promoting the equine industry or equine welfare or for a  
 12 benevolent purpose that the horsemen's association determines is in the  
 13 best interests of horse racing in Indiana for the breed represented by the  
 14 horsemen's association. Expenditures under this subsection are subject  
 15 to the regulatory requirements of subsection (f).

16 (d) A licensee shall distribute the amounts described in subsection  
 17 (b)(3) as follows:

18 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

19 (A) Sixty percent (60%) for the following purposes:

20 (i) Ninety-seven percent (97%) for thoroughbred purses.

21 (ii) Two and four-tenths percent (2.4%) to the horsemen's  
 22 association representing thoroughbred owners and trainers.

23 (iii) Six-tenths percent (0.6%) to the horsemen's association  
 24 representing thoroughbred owners and breeders.

25 (B) Forty percent (40%) to the breed development fund  
 26 established for thoroughbreds under IC 4-31-11-10.

27 (2) Forty-six percent (46%) for standardbred purposes as follows:

28 (A) Fifty percent (50%) for the following purposes:

29 (i) Ninety-six and five-tenths percent (96.5%) for  
 30 standardbred purses.

31 (ii) Three and five-tenths percent (3.5%) to the horsemen's  
 32 association representing standardbred owners and trainers.

33 (B) Fifty percent (50%) to the breed development fund  
 34 established for standardbreds under IC 4-31-11-10.

35 (3) Eight percent (8%) for quarter horse purposes as follows:

36 (A) Seventy percent (70%) for the following purposes:

37 (i) Ninety-five percent (95%) for quarter horse purses.

38 (ii) Five percent (5%) to the horsemen's association

- 1                   representing quarter horse owners and trainers.
- 2                   (B) Thirty percent (30%) to the breed development fund
- 3                   established for quarter horses under IC 4-31-11-10.
- 4 Expenditures under this subsection are subject to the regulatory
- 5 requirements of subsection (f).
- 6                   (e) Money distributed under subsection (b)(1) and (b)(2) shall be
- 7 allocated as follows:
- 8                   (1) Forty-six percent (46%) to the horsemen's association
- 9                   representing thoroughbred owners and trainers.
- 10                  (2) Forty-six percent (46%) to the horsemen's association
- 11                  representing standardbred owners and trainers.
- 12                  (3) Eight percent (8%) to the horsemen's association representing
- 13                  quarter horse owners and trainers.
- 14                  (f) Money distributed under ~~this section~~ **subsection (b)(1) or (b)(2)**
- 15 **and, to the extent the distributions are to promote horses and horse**
- 16 **racing, subsection (b)(3)** may not be expended unless the expenditure
- 17 is for a purpose authorized in this section and is either for a purpose
- 18 promoting the equine industry or equine welfare or is for a benevolent
- 19 purpose that is in the best interests of horse racing in Indiana or the
- 20 necessary expenditures for the operations of the horsemen's association
- 21 required to implement and fulfill the purposes of this section. The
- 22 Indiana horse racing commission may review any expenditure of
- 23 money distributed under this section to ensure that the requirements of
- 24 this section are satisfied. The Indiana horse racing commission shall
- 25 adopt rules concerning the review and oversight of money distributed
- 26 under this section and shall adopt rules concerning the enforcement of
- 27 this section. The following apply to a horsemen's association receiving
- 28 a distribution of money under this section:
- 29                  (1) The horsemen's association must annually file a report with
- 30                  the Indiana horse racing commission concerning the use of the
- 31                  money by the horsemen's association. The report must include
- 32                  information as required by the commission.
- 33                  (2) The horsemen's association must register with the Indiana
- 34                  horse racing commission.
- 35                  (g) The commission shall provide the Indiana horse racing
- 36 commission with the information necessary to enforce this section.
- 37                  (h) The Indiana horse racing commission shall investigate any
- 38 complaint that a licensee has failed to comply with the horse racing

1       purse requirements set forth in this section. If, after notice and a  
 2       hearing, the Indiana horse racing commission finds that a licensee has  
 3       failed to comply with the purse requirements set forth in this section,  
 4       the Indiana horse racing commission may:

- 5           (1) issue a warning to the licensee;
- 6           (2) impose a civil penalty that may not exceed one million dollars  
 7           (\$1,000,000); or
- 8           (3) suspend a meeting permit issued under IC 4-31-5 to conduct  
 9           a pari-mutuel wagering horse racing meeting in Indiana.

10       (i) A civil penalty collected under this section must be deposited in  
 11       the state general fund.

12       (j) For a state fiscal year beginning after June 30, 2008, and ending  
 13       before July 1, 2009, the amount of money dedicated to the purposes  
 14       described in subsection (b) for a particular state fiscal year is equal to  
 15       the lesser of:

- 16           (1) fifteen percent (15%) of the licensee's adjusted gross receipts  
 17           for the state fiscal year; or
- 18           (2) eighty-five million dollars (\$85,000,000).

19       If fifteen percent (15%) of a licensee's adjusted gross receipts for the  
 20       state fiscal year exceeds the amount specified in subdivision (2); the  
 21       licensee shall transfer the amount of the excess to the commission for  
 22       deposit in the state general fund. The licensee shall adjust the transfers  
 23       required under this section in the final month of the state fiscal year to  
 24       comply with the requirements of this subsection.

25       (k) For a state fiscal year beginning after June 30, 2009, the amount  
 26       of money dedicated to the purposes described in subsection (b) for a  
 27       particular state fiscal year is equal to the lesser of:

- 28           (1) fifteen percent (15%) of the licensee's adjusted gross receipts  
 29           for the state fiscal year; or
- 30           (2) the amount dedicated to the purposes described in subsection  
 31           (b) in the previous state fiscal year increased by a percentage that  
 32           does not exceed the percent of increase in the United States  
 33           Department of Labor Consumer Price Index during the year  
 34           preceding the year in which an increase is established.

35       If fifteen percent (15%) of a licensee's adjusted gross receipts for the  
 36       state fiscal year exceeds the amount specified in subdivision (2); the  
 37       licensee shall transfer the amount of the excess to the commission for  
 38       deposit in the state general fund. The licensee shall adjust the transfers

1 required under this section in the final month of the state fiscal year to  
2 comply with the requirements of this subsection.

3 **(j) Notwithstanding subsections (a) through (d), an amount**  
4 **collected from the adjusted gross receipts from slot machine**  
5 **wagers made in June 2011 at a licensee's racetrack shall be**  
6 **distributed on the schedule and in the manner specified in this**  
7 **section as it was effective on June 30, 2011.**

8 SECTION 39. IC 4-35-8-1, AS ADDED BY P.L.233-2007,  
9 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2011]: Sec. 1. (a) A graduated slot machine wagering tax is  
11 imposed as follows on the ~~adjusted gross taxable~~ receipts received  
12 from wagering on gambling games authorized by this article:

13 (1) Twenty-five percent (25%) of the first one hundred million  
14 dollars (\$100,000,000) of ~~adjusted gross taxable~~ receipts received  
15 during the period beginning July 1 of each year and ending June  
16 30 of the following year.

17 (2) Thirty percent (30%) of the ~~adjusted gross taxable~~ receipts in  
18 excess of one hundred million dollars (\$100,000,000) but not  
19 exceeding two hundred million dollars (\$200,000,000) received  
20 during the period beginning July 1 of each year and ending June  
21 30 of the following year.

22 (3) Thirty-five percent (35%) of the ~~adjusted gross taxable~~  
23 receipts in excess of two hundred million dollars (\$200,000,000)  
24 received during the period beginning July 1 of each year and  
25 ending June 30 of the following year.

26 (b) A licensee shall remit the tax imposed by this section to the  
27 department before the close of the business day following the day the  
28 wagers are made. **With respect to slot machine wagers made before**  
29 **June 30, 2011, the amount of a licensee's taxable receipts is equal**  
30 **to the licensee's adjusted gross receipts. With respect to slot**  
31 **machine wagers made after June 30, 2011, the amount of a**  
32 **licensee's taxable receipts for a particular day is equal to the result**  
33 **determined under STEP THREE of the following formula:**

34 **STEP ONE: Determine the amount of adjusted gross receipts**  
35 **received by the licensee during that day.**

36 **STEP TWO: Determine the sum of:**

37 **(A) the licensee's deduction amount determined for that**  
38 **day under subsection (f); and**

1           **(B) the licensee's supplemental deduction amount**  
 2           **determined for that day under subsection (g).**

3           **STEP THREE: Determine the result of the STEP ONE**  
 4           **amount minus the STEP TWO amount.**

5           (c) The department may require payment under this section to be  
 6           made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

7           (d) If the department requires taxes to be remitted under this chapter  
 8           through electronic funds transfer, the department may allow the  
 9           licensee to file a monthly report to reconcile the amounts remitted to  
 10          the department.

11          (e) The payment of the tax under this section must be on a form  
 12          prescribed by the department.

13          **(f) This section applies to slot machine wagers made under this**  
 14          **article after June 30, 2011. A licensee's deduction amount for a**  
 15          **particular day is equal to fifty-seven and five-tenths percent**  
 16          **(57.5%) of the amount that the licensee distributed under**  
 17          **IC 4-35-7-12 from wagers made for that day.**

18          **(g) This section applies to slot machine wagers made under this**  
 19          **article after June 30, 2011. A licensee's supplemental deduction**  
 20          **amount for the period beginning July 1 of each year and ending**  
 21          **June 30 of the following year is equal to the amount that the**  
 22          **licensee distributed under IC 4-35-7-12(b)(3) to the state general**  
 23          **fund, as determined by the budget agency, from wagers made for**  
 24          **the period beginning July 1 of each year and ending June 30 of the**  
 25          **following year. A licensee's supplemental deduction amount for a**  
 26          **particular day is equal to the amount that the licensee distributed**  
 27          **under IC 4-35-7-12(b)(3) to the state general fund, as determined**  
 28          **by the budget agency, from wagers made for that day."**

29          Delete page 100.

30          Page 101, delete lines 1 through 15.

31          Page 101, line 20, after "IC 4-35-7-12." insert "**Fifteen percent**  
 32          **(15%) of the money deposited in the fund shall be transferred to**  
 33          **the Indiana state board of animal health to be used by the state**  
 34          **board to pay the costs associated with equine health and equine**  
 35          **care programs under IC 15-17."**

36          Page 104, between lines 13 and 14, begin a new paragraph and  
 37          insert:

38          "SECTION 45. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2008,

1 SECTION 317, IS AMENDED TO READ AS FOLLOWS  
 2 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) The department shall account  
 3 for all state gross retail and use taxes that it collects.

4 (b) The department shall deposit those collections in the following  
 5 manner:

6 (1) Ninety-nine and ~~one hundred seventy-eight two hundred~~  
 7 ~~ninety-seven~~ thousandths percent (~~99.178%~~) (**99.297%**) of the  
 8 collections shall be paid into the state general fund.

9 (2) ~~Sixty-seven hundredths of one~~ **Five hundred fifty-one**  
 10 **thousandths** percent (~~0.67%~~) (**0.551%**) of the collections shall  
 11 be paid into the public mass transportation fund established by  
 12 IC 8-23-3-8.

13 (3) Twenty-nine thousandths of one percent (0.029%) of the  
 14 collections shall be deposited into the industrial rail service fund  
 15 established under IC 8-3-1.7-2.

16 (4) One hundred twenty-three thousandths of one percent  
 17 (0.123%) of the collections shall be deposited into the commuter  
 18 rail service fund established under IC 8-3-1.5-20.5".

19 Page 104, line 15, after "(a)" insert "**This section applies to taxable**  
 20 **years that end in a state fiscal year beginning after June 30, 2012.**

21 **(b)**".

22 Page 104, line 18, delete "(b)" and insert "**(c)**".

23 Page 104, line 23, delete "(c)" and insert "**(d)**".

24 Page 104, line 25, delete "(d)" and insert "**(e)**".

25 Page 104, line 28, delete "(e)" and insert "**(f)**".

26 Page 104, delete line 40.

27 Page 104, line 41, delete "(B)" and insert "**(A)**".

28 Page 104, line 41, delete "sixty and twenty-four hundredths" and  
 29 insert "**sixty-two and seven-tenths**".

30 Page 104, line 42, delete "(60.24%)." and insert "**(62.7%)**".

31 Page 104, line 43, delete "(C)" and insert "**(B)**".

32 Page 104, line 43, delete "fifty-four and five-tenths" and insert  
 33 "**fifty-six and ninety-six hundredths**".

34 Page 104, line 43, delete "(54.5%)." and insert "**(56.96%)**".

35 Page 104, strike line 48.

36 Page 105, strike lines 1 through 2.

37 Page 105, line 3, strike "(7)" and insert "**(6)**".

38 Page 106, between lines 1 and 2, begin a new paragraph and insert:

1 "SECTION 48. IC 11-10-5-6 IS ADDED TO THE INDIANA CODE  
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2011]: **Sec. 6. The department may provide financial assistance  
4 for tuition, books, and supplies for an offender who:**

5 (1) is:

6 (A) convicted of a felony;

7 (B) sentenced to a term of imprisonment for that felony;

8 and

9 (C) confined for that felony by the department; and

10 (2) enrolls in a degree program at an eligible institution (as  
11 defined in IC 21-12-1-8(2)) of higher education.".

12 Page 106, delete lines 40 through 47.

13 Delete pages 107 through 108, begin a new paragraph and insert:

14 "SECTION 50. IC 12-15-35-28, AS AMENDED BY P.L.101-2005,  
15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2011]: Sec. 28. (a) The board has the following duties:

17 (1) The adoption of rules to carry out this chapter, in accordance  
18 with the provisions of IC 4-22-2 and subject to any office  
19 approval that is required by the federal Omnibus Budget  
20 Reconciliation Act of 1990 under Public Law 101-508 and its  
21 implementing regulations.

22 (2) The implementation of a Medicaid retrospective and  
23 prospective DUR program as outlined in this chapter, including  
24 the approval of software programs to be used by the pharmacist  
25 for prospective DUR and recommendations concerning the  
26 provisions of the contractual agreement between the state and any  
27 other entity that will be processing and reviewing Medicaid drug  
28 claims and profiles for the DUR program under this chapter.

29 (3) The development and application of the predetermined criteria  
30 and standards for appropriate prescribing to be used in  
31 retrospective and prospective DUR to ensure that such criteria  
32 and standards for appropriate prescribing are based on the  
33 compendia and developed with professional input with provisions  
34 for timely revisions and assessments as necessary.

35 (4) The development, selection, application, and assessment of  
36 interventions for physicians, pharmacists, and patients that are  
37 educational and not punitive in nature.

38 (5) The publication of an annual report that must be subject to

- 1 public comment before issuance to the federal Department of  
2 Health and Human Services and to the Indiana legislative council  
3 by December 1 of each year. The report issued to the legislative  
4 council must be in an electronic format under IC 5-14-6.
- 5 (6) The development of a working agreement for the board to  
6 clarify the areas of responsibility with related boards or agencies,  
7 including the following:
- 8 (A) The Indiana board of pharmacy.
  - 9 (B) The medical licensing board of Indiana.
  - 10 (C) The SURS staff.
- 11 (7) The establishment of a grievance and appeals process for  
12 physicians or pharmacists under this chapter.
- 13 (8) The publication and dissemination of educational information  
14 to physicians and pharmacists regarding the board and the DUR  
15 program, including information on the following:
- 16 (A) Identifying and reducing the frequency of patterns of  
17 fraud, abuse, gross overuse, or inappropriate or medically  
18 unnecessary care among physicians, pharmacists, and  
19 recipients.
  - 20 (B) Potential or actual severe or adverse reactions to drugs.
  - 21 (C) Therapeutic appropriateness.
  - 22 (D) Overutilization or underutilization.
  - 23 (E) Appropriate use of generic drugs.
  - 24 (F) Therapeutic duplication.
  - 25 (G) Drug-disease contraindications.
  - 26 (H) Drug-drug interactions.
  - 27 (I) Incorrect drug dosage and duration of drug treatment.
  - 28 (J) Drug allergy interactions.
  - 29 (K) Clinical abuse and misuse.
- 30 (9) The adoption and implementation of procedures designed to  
31 ensure the confidentiality of any information collected, stored,  
32 retrieved, assessed, or analyzed by the board, staff to the board, or  
33 contractors to the DUR program that identifies individual  
34 physicians, pharmacists, or recipients.
- 35 (10) The implementation of additional drug utilization review  
36 with respect to drugs dispensed to residents of nursing facilities  
37 shall not be required if the nursing facility is in compliance with  
38 the drug regimen procedures under 410 IAC 16.2-3.1 and 42 CFR

- 1 483.60.
- 2 (11) The research, development, and approval of a preferred drug
- 3 list for:
- 4 (A) Medicaid's fee for service program;
- 5 (B) Medicaid's primary care case management program;
- 6 (C) Medicaid's risk based managed care program, if the office
- 7 provides a prescription drug benefit and subject to IC 12-15-5;
- 8 and
- 9 (D) the children's health insurance program under IC 12-17.6;
- 10 in consultation with the therapeutics committee.
- 11 (12) The approval of the review and maintenance of the preferred
- 12 drug list at least two (2) times per year.
- 13 (13) The preparation and submission of a report concerning the
- 14 preferred drug list at least two (2) times per year to the select joint
- 15 commission on Medicaid oversight established by IC 2-5-26-3.
- 16 (14) The collection of data reflecting prescribing patterns related
- 17 to treatment of children diagnosed with attention deficit disorder
- 18 or attention deficit hyperactivity disorder.
- 19 (15) Advising the Indiana comprehensive health insurance
- 20 association established by IC 27-8-10-2.1 concerning
- 21 implementation of chronic disease management and
- 22 pharmaceutical management programs under IC 27-8-10-3.5.
- 23 (b) The board shall use the clinical expertise of the therapeutics
- 24 committee in developing a preferred drug list. The board shall also
- 25 consider expert testimony in the development of a preferred drug list.
- 26 (c) In researching and developing a preferred drug list under
- 27 subsection (a)(11), the board shall do the following:
- 28 (1) Use literature abstracting technology.
- 29 (2) Use commonly accepted guidance principles of disease
- 30 management.
- 31 (3) Develop therapeutic classifications for the preferred drug list.
- 32 (4) Give primary consideration to the clinical efficacy or
- 33 appropriateness of a particular drug in treating a specific medical
- 34 condition.
- 35 (5) Include in any cost effectiveness considerations the cost
- 36 implications of other components of the state's Medicaid program
- 37 and other state funded programs.
- 38 ~~(d) Prior authorization is required for coverage under a program~~

1 described in subsection (a)(11) of a drug that is not included on the  
2 preferred drug list:

3 ~~(e)~~ (d) The board shall determine whether to include a single source  
4 covered outpatient drug that is newly approved by the federal Food and  
5 Drug Administration on the preferred drug list not later than sixty (60)  
6 days after the date on which the manufacturer notifies the board in  
7 writing of the drug's approval. However, if the board determines that  
8 there is inadequate information about the drug available to the board  
9 to make a determination, the board may have an additional sixty (60)  
10 days to make a determination from the date that the board receives  
11 adequate information to perform the board's review. Prior authorization  
12 may not be automatically required for a single source drug that is newly  
13 approved by the federal Food and Drug Administration, and that is:

14 (1) in a therapeutic classification:

15 (A) that has not been reviewed by the board; and

16 (B) for which prior authorization is not required; or

17 (2) the sole drug in a new therapeutic classification that has not  
18 been reviewed by the board.

19 ~~(f)~~ (e) The board may not exclude a drug from the preferred drug list  
20 based solely on price.

21 ~~(g)~~ (f) The following requirements apply to a preferred drug list  
22 developed under subsection (a)(11):

23 (1) ~~Except as provided by~~ **In accordance with**  
24 **IC 12-15-35.5-3(b), and IC 12-15-35.5-3(c), the office or the  
25 board may require prior authorization for a drug that is included  
26 on the preferred drug list under the following circumstances:**

27 (A) To override a prospective drug utilization review alert.

28 (B) To permit reimbursement for a medically necessary brand  
29 name drug that is subject to generic substitution under  
30 IC 16-42-22-10.

31 (C) To prevent fraud, abuse, waste, overutilization, or  
32 inappropriate utilization.

33 (D) To permit implementation of a disease management  
34 program.

35 (E) To implement other initiatives permitted by state or federal  
36 law.

37 **(F) A psychiatrist licensed under IC 25-22.5 may not be**  
38 **required to receive prior authorization to prescribe a drug**

1 included on the preferred drug list.  
 2 **(G) A provider may not be required to obtain prior**  
 3 **authorization for a mental health prescription that is for a**  
 4 **Medicaid recipient who:**  
 5 **(i) was enrolled in the Medicaid program before July 1,**  
 6 **2011, and who has continuously been enrolled in the**  
 7 **Medicaid program; and**  
 8 **(ii) has been prescribed and taking the mental health**  
 9 **drug since before July 1, 2011.**

10 (2) All drugs described in IC 12-15-35.5-3(b) ~~must be included on~~  
 11 ~~the preferred drug list.~~ **may be considered:**

12 **(A) preferred or nonpreferred; or**  
 13 **(B) not subject to the preferred drug list (PDL) process.**

14 (3) The office may add a drug that has been approved by the  
 15 federal Food and Drug Administration to the preferred drug list  
 16 without prior approval from the board.

17 (4) The board may add a drug that has been approved by the  
 18 federal Food and Drug Administration to the preferred drug list.

19 ~~(f)~~ **(g)** At least two (2) times each year, the board shall provide a  
 20 report to the select joint commission on Medicaid oversight established  
 21 by IC 2-5-26-3. The report must contain the following information:

- 22 (1) The cost of administering the preferred drug list.
- 23 (2) Any increase in Medicaid physician, laboratory, or hospital  
 24 costs or in other state funded programs as a result of the preferred  
 25 drug list.
- 26 (3) The impact of the preferred drug list on the ability of a  
 27 Medicaid recipient to obtain prescription drugs.
- 28 (4) The number of times prior authorization was requested, and  
 29 the number of times prior authorization was:

- 30 (A) approved; and
- 31 (B) disapproved.

32 ~~(f)~~ **(h)** The board shall provide the first report required under  
 33 subsection ~~(f)~~ **(g)** not later than six (6) months after the board submits  
 34 an initial preferred drug list to the office."

35 Page 109, delete lines 1 through 27.  
 36 Page 109, delete lines 43 through 47.  
 37 Delete pages 110 through 111.  
 38 Page 112, delete lines 1 through 21.

1 Page 112, delete lines 46 through 47.

2 Page 113, delete lines 1 through 33.

3 Page 114, delete lines 3 through 37, begin a new paragraph and  
4 insert:

5 "SECTION 56. IC 12-24-1-3, AS AMENDED BY P.L.141-2006,  
6 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 2011]: Sec. 3. (a) The director of the division of mental health  
8 and addiction has administrative control of and responsibility for the  
9 following state institutions:

- 10 (1) Evansville State Hospital.
- 11 (2) Evansville State Psychiatric Treatment Center for Children.
- 12 (3) Larue D. Carter Memorial Hospital.
- 13 (4) Logansport State Hospital.
- 14 (5) Madison State Hospital.
- 15 (6) Richmond State Hospital.
- 16 (7) Any other state owned or operated mental health institution.

17 (b) Subject to the approval of the director of the budget agency and  
18 the governor, the director of the division of mental health and addiction  
19 may contract for the management and clinical operation of Larue D.  
20 Carter Memorial Hospital.

21 (c) The following applies only to the institutions described in  
22 subsection (a)(1) and (a)(2):

23 ~~(1) Notwithstanding any other statute or policy, the division of~~  
24 ~~mental health and addiction may not do the following after~~  
25 ~~December 31, 2001, unless specifically authorized by a statute~~  
26 ~~enacted by the general assembly:~~

27 ~~(A) Terminate, in whole or in part, normal patient care or other~~  
28 ~~operations at the facility.~~

29 ~~(B) Reduce the staffing levels and classifications below those~~  
30 ~~in effect at the facility on January 1, 2002.~~

31 ~~(C) Terminate the employment of an employee of the facility~~  
32 ~~except in accordance with IC 4-15-2.~~

33 ~~(2) The division of mental health and addiction shall fill a~~  
34 ~~vacancy created by a termination described in subdivision (1)(C)~~  
35 ~~so that the staffing levels at the facility are not reduced below the~~  
36 ~~staffing levels in effect on January 1, 2002.~~

37 ~~(3) Notwithstanding any other statute or policy, the division of~~  
38 ~~mental health and addiction may not remove, transfer, or~~

1 discharge any patient at the facility unless the removal, transfer,  
2 or discharge is in the patient's best interest and is approved by:

- 3 (A) the patient or the patient's parent or guardian;
- 4 (B) the individual's gatekeeper; and
- 5 (C) the patient's attending physician.

6 **(c) The division of mental health and addiction shall maintain**  
7 **normal patient care, including maintaining the Joint Commission**  
8 **on Accreditation of Healthcare Organizations (JCAHO) standards**  
9 **for clinical care, at the facilities described in subsection (a)(1) and**  
10 **(a)(2) unless a reduction or the termination of normal patient care**  
11 **is specifically authorized by a statute enacted by the general**  
12 **assembly or is specifically recommended by the council established**  
13 **by section 3.5 of this chapter.**

14 (d) The Evansville State Psychiatric Treatment Center for Children  
15 shall remain independent of Evansville State Hospital and the  
16 southwestern Indiana community mental health center, and the  
17 Evansville State Psychiatric Treatment Center for Children shall  
18 continue to function autonomously unless a change in administration  
19 is specifically:

- 20 (1) authorized by an enactment of the general assembly; or
- 21 (2) recommended by the council established by section 3.5 of
- 22 this chapter before January 1, 2014.

23 SECTION 57. IC 12-24-1-3.5 IS ADDED TO THE INDIANA  
24 CODE AS A NEW SECTION TO READ AS FOLLOWS  
25 [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. (a) The council on Evansville**  
26 **state hospitals is established.**

27 **(b) The council consists of the following members:**

- 28 (1) One (1) superior court judge having exclusive juvenile
- 29 jurisdiction in Vanderburgh County, who shall act as
- 30 chairperson of the council.
- 31 (2) The director of the division of mental health and addiction
- 32 or the director's designee.
- 33 (3) Two (2) members of the senate, appointed by the president
- 34 pro tempore of the senate. The members appointed under this
- 35 subdivision:
- 36 (A) may not be members of the same political party; and
- 37 (B) must represent Evansville or a surrounding area.
- 38 (4) Two (2) members of the house of representatives,

- 1           **appointed by the speaker of the house of representatives. The**  
 2           **members appointed under this subdivision:**
- 3           **(A) may not be members of the same political party; and**  
 4           **(B) must represent Evansville or a surrounding area.**
- 5           **(5) Two (2) mental health providers that provide mental**  
 6           **health services in the Evansville area.**
- 7           **(6) One (1) member who:**
- 8           **(A) resides in the Evansville area; and**  
 9           **(B) provides services in the community, including:**
- 10           **(i) law enforcement services; or**  
 11           **(ii) children's services.**
- 12           **(7) The superintendent of the Evansville State Psychiatric**  
 13           **Treatment Center for Children, or the superintendent's**  
 14           **designee.**
- 15           **(8) The superintendent of the Evansville State Hospital, or the**  
 16           **superintendent's designee.**
- 17           **(9) One (1) representative of a statewide mental health**  
 18           **association.**
- 19           **(10) One (1) parent of a child who has received services at the**  
 20           **Evansville State Psychiatric Treatment Center for Children**  
 21           **and who is not associated with the Evansville State**  
 22           **Psychiatric Treatment Center for Children or the Evansville**  
 23           **State Hospital except as a consumer.**
- 24           **(c) The president pro tempore of the senate shall appoint the**  
 25           **members under subsection (b)(1) and (b)(9) and one (1) member**  
 26           **under subsection (b)(5). The speaker of the house of**  
 27           **representatives shall appoint the members under subsection (b)(6)**  
 28           **and (b)(10) and one (1) member under subsection (b)(5).**
- 29           **(d) The council has the following duties:**
- 30           **(1) Review the following:**
- 31           **(A) The mental health and addiction services available to**  
 32           **children in the Evansville area.**
- 33           **(B) The quality of the care provided to patients in the**  
 34           **facilities described in section 3(a)(1) and 3(a)(2) of this**  
 35           **chapter.**
- 36           **(C) The utilization of the facilities described in section**  
 37           **3(a)(1) and 3(a)(2) of this chapter and the cause for any**  
 38           **underutilization.**

- 1           **(2) Determine the viability and need for the facilities**  
 2           **described in section 3(a)(1) and 3(a)(2) of this chapter.**
- 3           **(3) Provide recommendations to:**
- 4                 **(A) the office of the secretary; and**  
 5                 **(B) the general assembly, in electronic format under**  
 6                 **IC 5-14-6;**
- 7           **concerning the council's findings under this subsection,**  
 8           **including whether the council is making a recommendation**  
 9           **under section 3 of this chapter.**
- 10          **(e) The division of mental health and addiction shall staff the**  
 11          **council.**
- 12          **(f) The expenses of the council shall be paid by the division of**  
 13          **mental health and addiction.**
- 14          **(g) A member of the council is not entitled to a salary per diem**  
 15          **or traveling expenses.**
- 16          **(h) The members described in subsection (b)(7) and (b)(8) shall**  
 17          **serve as nonvoting members. The affirmative votes of a majority**  
 18          **of the voting members of the council are required for the council**  
 19          **to take action on any recommendation.**
- 20          **(i) This section expires December 31, 2013.**
- 21          SECTION 58. IC 16-28-15 IS ADDED TO THE INDIANA CODE  
 22          AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 23          AUGUST 1, 2011]:
- 24                 **Chapter 15. Health Facility Quality Assessment Fee**
- 25                 **Sec. 1. The imposition of a quality assessment fee under this**  
 26                 **chapter occurs after July 31, 2011.**
- 27                 **Sec. 2. As used in this chapter, "continuing care retirement**  
 28                 **community" means a health care facility that:**
- 29                         **(1) provides independent living services and health facility**  
 30                         **services in a campus setting with common areas;**  
 31                         **(2) holds continuing care agreements with at least twenty-five**  
 32                         **percent (25%) of its residents (as defined in IC 23-2-4-1);**  
 33                         **(3) uses the money from the agreements described in**  
 34                         **subdivision (2) to provide services to a resident before the**  
 35                         **resident may be eligible for Medicaid under IC 12-15; and**  
 36                         **(4) meets the requirements of IC 23-2-4.**
- 37                 **Sec. 3. As used in this chapter, "health facility" refers to a**  
 38                 **health facility that is licensed under this article as a comprehensive**

1 care facility.

2 Sec. 4. As used in this chapter, "nursing facility" means a health  
3 facility that is certified for participation in the federal Medicaid  
4 program under Title XIX of the federal Social Security Act (42  
5 U.S.C. 1396 et seq.).

6 Sec. 5. As used in this chapter, "office" refers to the office of  
7 Medicaid policy and planning established by IC 12-8-6-1.

8 Sec. 6. (a) After July 31, 2011, the office shall collect a quality  
9 assessment fee from each health facility under this chapter.

10 (b) The quality assessment fee must apply to all non-Medicare  
11 patient days of the health facility. The office shall determine the  
12 quality assessment rate per non-Medicare patient day in a manner  
13 that collects the maximum amount permitted by federal law as of  
14 July 1, 2011, based on the latest nursing facility financial reports  
15 and nursing facility quality assessment data collection forms as of  
16 July 28, 2010.

17 (c) The office shall offset the collection of the assessment fee for  
18 a health facility:

- 19 (1) against a Medicaid payment to the health facility;  
20 (2) against a Medicaid payment to another health facility that  
21 is related to the health facility through common ownership or  
22 control; or  
23 (3) in another manner determined by the office.

24 Sec. 7. The office shall implement the waiver approved by the  
25 United States Centers for Medicare and Medicaid Services under  
26 42 CFR 433.68(e)(2) that provides for the following:

- 27 (1) Nonuniform quality assessment fee rates.  
28 (2) An exemption from collection of a quality assessment fee  
29 from the following:

- 30 (A) A continuing care retirement community as follows:  
31 (i) A continuing care retirement community that was  
32 registered with the securities commissioner as a  
33 continuing care retirement community on January 1,  
34 2007, is not required to meet the definition of a  
35 continuing care retirement community in section 2 of  
36 this chapter.  
37 (ii) A continuing care retirement community that, for the  
38 period January 1, 2007, through June 30, 2009, operated

1 independent living units, at least twenty-five percent  
2 (25%) of which are provided under contracts that  
3 require the payment of a minimum entrance fee of at  
4 least twenty-five thousand dollars (\$25,000).

5 (iii) An organization registered under IC 23-2-4 before  
6 July 1, 2009, that provides housing in an independent  
7 living unit for a religious order.

8 (iv) A continuing care retirement community that meets  
9 the definition set forth in section 2 of this chapter.

10 (B) A hospital based health facility.

11 (C) The Indiana Veterans' Home.

12 Any revision to the state plan amendment or waiver request under  
13 this section is subject to and must comply with this chapter.

14 Sec. 8. (a) The money collected from the quality assessment fee  
15 may be used only as follows:

16 (1) Seventy percent (70%) to pay the state's share of costs for  
17 Medicaid nursing facility services provided under Title XIX  
18 of the federal Social Security Act (42 U.S.C. 1396 et seq.).

19 (2) Thirty percent (30%) to pay the state's share of costs for  
20 other Medicaid services provided under Title XIX of the  
21 federal Social Security Act (42 U.S.C. 1396 et seq.).

22 (b) Any increase in reimbursement for Medicaid nursing facility  
23 services resulting from maximizing the quality assessment under  
24 section 6(b) of this chapter shall be directed exclusively to  
25 initiatives determined by the office to promote and enhance  
26 improvements in quality of care to nursing facility residents.

27 (c) The office may establish a method to allow a health facility  
28 to enter into an agreement to pay the quality assessment fee  
29 collected under this chapter under an installment plan.

30 Sec. 9. If federal financial participation becomes unavailable to  
31 match money collected from the quality assessment fees for the  
32 purpose of enhancing reimbursement to nursing facilities for  
33 Medicaid services provided under Title XIX of the federal Social  
34 Security Act (42 U.S.C. 1396 et seq.), the office shall cease  
35 collection of the quality assessment fee under this chapter.

36 Sec. 10. The office shall adopt rules under IC 4-22-2 necessary  
37 to implement this chapter.

38 Sec. 11. (a) If a health facility fails to pay the quality assessment

1 fee under this chapter not later than ten (10) days after the date the  
 2 payment is due, the health facility shall pay interest on the quality  
 3 assessment fee at the same rate as determined under  
 4 IC 12-15-21-3(6)(A).

5 (b) The office shall report to the state department each nursing  
 6 facility and each health facility that fails to pay the quality  
 7 assessment fee under this chapter not later than one hundred  
 8 twenty (120) days after payment of the quality assessment fee is  
 9 due.

10 **Sec. 12. (a) The state department shall do the following:**

11 (1) Notify each nursing facility and each health facility  
 12 reported under section 11 of this chapter that the nursing  
 13 facility's license or health facility's license under IC 16-28 will  
 14 be revoked if the quality assessment fee is not paid.

15 (2) Revoke the nursing facility's license or health facility's  
 16 license under IC 16-28 if the nursing facility or the health  
 17 facility fails to pay the quality assessment fee.

18 (b) An action taken under subsection (a)(2) is governed by:

19 (1) IC 4-21.5-3-8; or

20 (2) IC 4-21.5-4.

21 **Sec. 13. The select joint commission on Medicaid oversight**  
 22 **established by IC 2-5-26-3 shall review the implementation of this**  
 23 **chapter.**

24 **Sec. 14. This chapter expires June 30, 2014."**

25 Page 115, delete lines 39 through 47, begin a new paragraph and  
 26 insert:

27 "SECTION 60. IC 20-24-7-6.5 IS ADDED TO THE INDIANA  
 28 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 29 [EFFECTIVE JULY 1, 2011]: **Sec. 6.5. (a) Subject to subsection (b)**  
 30 **and with the approval of a majority of the members of the**  
 31 **governing body, a school corporation may distribute any part of**  
 32 **the following to a conversion school sponsored by the school**  
 33 **corporation in the amount and under the terms and conditions**  
 34 **adopted by a majority of the members of the governing body:**

35 (1) State tuition support and other state distributions to the  
 36 school corporation.

37 (2) Any other amount deposited in the school corporation's  
 38 general fund.

1           **(b) The total amount that may be transferred under subsection**  
 2 **(a) in a calendar year to a particular conversion charter school**  
 3 **may not exceed the result determined under STEP FOUR of the**  
 4 **following formula:**

5           **STEP ONE: Determine the result of:**

6           **(A) the amount of state tuition support that the school**  
 7 **corporation is eligible to receive in the calendar year;**  
 8 **divided by**

9           **(B) the current ADM of the school corporation for the**  
 10 **calendar year.**

11           **STEP TWO: Determine the result of:**

12           **(A) the amount of state tuition support that the conversion**  
 13 **charter school is eligible to receive in the calendar year;**  
 14 **divided by**

15           **(B) the current ADM of the conversion charter school for**  
 16 **the calendar year.**

17           **STEP THREE: Determine the greater of zero (0) or result of:**

18           **(A) the STEP ONE amount; minus**

19           **(B) the STEP TWO amount.**

20           **STEP FOUR: Determine the result of:**

21           **(A) the STEP THREE amount; multiplied by**

22           **(B) the current ADM of the conversion charter school for**  
 23 **the calendar year.**

24           SECTION 61. IC 20-26-11-13, AS AMENDED BY P.L.146-2008,  
 25 SECTION 471, IS AMENDED TO READ AS FOLLOWS  
 26 [EFFECTIVE JANUARY 1, 2012]: Sec. 13. (a) As used in this section,  
 27 the following terms have the following meanings:

28           (1) "Class of school" refers to a classification of each school or  
 29 program in the transferee corporation by the grades or special  
 30 programs taught at the school. Generally, these classifications are  
 31 denominated as kindergarten, elementary school, middle school  
 32 or junior high school, high school, and special schools or classes,  
 33 such as schools or classes for special education, career and  
 34 technical education, or career education.

35           (2) "Special equipment" means equipment that during a school  
 36 year:

37           (A) is used only when a child with disabilities is attending  
 38 school;

- 1 (B) is not used to transport a child to or from a place where the  
 2 child is attending school;
- 3 (C) is necessary for the education of each child with  
 4 disabilities that uses the equipment, as determined under the  
 5 individualized education program for the child; and
- 6 (D) is not used for or by any child who is not a child with  
 7 disabilities.

8 (3) "Student enrollment" means the following:

- 9 (A) The total number of students in kindergarten through  
 10 grade 12 who are enrolled in a transferee school corporation  
 11 on a date determined by the state board.
- 12 (B) The total number of students enrolled in a class of school  
 13 in a transferee school corporation on a date determined by the  
 14 state board.

15 However, a kindergarten student shall be counted under clauses  
 16 (A) and (B) as one-half (1/2) student. The state board may select  
 17 a different date for counts under this subdivision. However, the  
 18 same date shall be used for all school corporations making a count  
 19 for the same class of school.

20 (b) Each transferee corporation is entitled to receive for each school  
 21 year on account of each transferred student, except a student  
 22 transferred under section 6 of this chapter, transfer tuition from the  
 23 transferor corporation or the state as provided in this chapter. Transfer  
 24 tuition equals the amount determined under STEP THREE of the  
 25 following formula:

26 STEP ONE: Allocate to each transfer student the capital  
 27 expenditures for any special equipment used by the transfer  
 28 student and a proportionate share of the operating costs incurred  
 29 by the transferee school for the class of school where the transfer  
 30 student is enrolled.

31 STEP TWO: If the transferee school included the transfer student  
 32 in the transferee school's ADM for a school year, allocate to the  
 33 transfer student a proportionate share of the following general  
 34 fund revenues of the transferee school for, except as provided in  
 35 clause (C), the calendar year in which the school year ends:

- 36 (A) State tuition support distributions.
- 37 (B) Property tax levies under IC 20-45-7 and IC 20-45-8.
- 38 (C) **The sum of the following** excise tax revenue ~~(as defined~~

1           in ~~IC 20-43-1-12~~) received for deposit in the calendar year in  
2           which the school year begins:

3           **(i) Financial institution excise tax revenue (IC 6-5.5).**

4           **(ii) Motor vehicle excise taxes (IC 6-6-5).**

5           **(iii) Commercial vehicle excise taxes (IC 6-6-5.5).**

6           **(iv) Boat excise tax (IC 6-6-11).**

7           **(v) Aircraft license excise tax (IC 6-6-6.5).**

8           (D) Allocations to the transferee school under IC 6-3.5.

9           STEP THREE: Determine the greater of:

10           (A) zero (0); or

11           (B) the result of subtracting the STEP TWO amount from the  
12           STEP ONE amount.

13           If a child is placed in an institution or facility in Indiana by or with the  
14           approval of the department of child services, the institution or facility  
15           shall charge the department of child services for the use of the space  
16           within the institution or facility (commonly called capital costs) that is  
17           used to provide educational services to the child based upon a prorated  
18           per student cost.

19           (c) Operating costs shall be determined for each class of school  
20           where a transfer student is enrolled. The operating cost for each class  
21           of school is based on the total expenditures of the transferee  
22           corporation for the class of school from its general fund expenditures  
23           as specified in the classified budget forms prescribed by the state board  
24           of accounts. This calculation excludes:

25           (1) capital outlay;

26           (2) debt service;

27           (3) costs of transportation;

28           (4) salaries of board members;

29           (5) contracted service for legal expenses; and

30           (6) any expenditure that is made from extracurricular account  
31           receipts;

32           for the school year.

33           (d) The capital cost of special equipment for a school year is equal  
34           to:

35           (1) the cost of the special equipment; divided by

36           (2) the product of:

37           (A) the useful life of the special equipment, as determined  
38           under the rules adopted by the state board; multiplied by

1 (B) the number of students using the special equipment during  
2 at least part of the school year.

3 (e) When an item of expense or cost described in subsection (c)  
4 cannot be allocated to a class of school, it shall be prorated to all  
5 classes of schools on the basis of the student enrollment of each class  
6 in the transferee corporation compared with the total student  
7 enrollment in the school corporation.

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

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

12 (2) the student enrollment of the class of school in which the  
13 transfer student is enrolled.

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

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

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

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

34 However, for state tuition support distributions or any other state  
35 distribution computed using less than the total ADM of the transferee  
36 school, the transferee school shall allocate the revenues to the transfer  
37 student by dividing the revenues that the transferee school is eligible  
38 to receive in a calendar year by the student count used to compute the

1 state distribution.

2 (h) Instead of the payments provided in subsection (b), the  
3 transferor corporation or state owing transfer tuition may enter into a  
4 long term contract with the transferee corporation governing the  
5 transfer of students. The contract may:

- 6 (1) be entered into for a period of not more than five (5) years  
7 with an option to renew;  
8 (2) specify a maximum number of students to be transferred; and  
9 (3) fix a method for determining the amount of transfer tuition  
10 and the time of payment, which may be different from that  
11 provided in section 14 of this chapter.

12 (i) A school corporation may negotiate transfer tuition agreements  
13 with a neighboring school corporation that can accommodate additional  
14 students. Agreements under this section may:

- 15 (1) be for one (1) year or longer; and  
16 (2) fix a method for determining the amount of transfer tuition or  
17 time of payment that is different from the method, amount, or  
18 time of payment that is provided in this section or section 14 of  
19 this chapter.

20 A school corporation may not transfer a student under this section  
21 without the prior approval of the child's parent.

22 SECTION 62. IC 20-40-8-1, AS AMENDED BY P.L.146-2008,  
23 SECTION 477, IS AMENDED TO READ AS FOLLOWS  
24 [EFFECTIVE JANUARY 1, 2012]: Sec. 1. As used in this chapter,  
25 "calendar year distribution" means the sum of the following:

- 26 (1) A school corporation's:  
27 (A) state tuition support; and  
28 (B) maximum permissible tuition support levy (as defined in  
29 IC 20-45-1-15 before its repeal);  
30 for the calendar year.

31 (2) The ~~school corporation's sum of the following~~ excise tax  
32 revenue ~~(as defined in IC 20-43-1-12)~~ of the school corporation  
33 for the immediately preceding calendar year:

- 34 (A) **Financial institution excise tax revenue (IC 6-5.5).**  
35 (B) **Motor vehicle excise taxes (IC 6-6-5).**  
36 (C) **Commercial vehicle excise taxes (IC 6-6-5.5).**  
37 (D) **Boat excise tax (IC 6-6-11).**  
38 (E) **Aircraft license excise tax (IC 6-6-6.5).**

1 SECTION 63. IC 20-43-1-1, AS AMENDED BY P.L.182-2009(ss),  
 2 SECTION 323, IS AMENDED TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 2011]: Sec. 1. This article expires January 1,  
 4 ~~2012.~~ **2014.**

5 SECTION 64. IC 20-43-1-25, AS AMENDED BY  
 6 P.L.182-2009(ss), SECTION 325, IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 25. "State tuition  
 8 support" means the amount of state funds to be distributed to:

9 (1) a school corporation other than a virtual charter school in any  
 10 calendar year under this article for all grants, distributions, and  
 11 awards described in IC 20-43-2-3; and

12 (2) a virtual charter school in any calendar year under  
 13 ~~IC 20-24-7-13.~~ **IC 20-43-6-3.**

14 SECTION 65. IC 20-43-2-2, AS AMENDED BY P.L.182-2009(ss),  
 15 SECTION 329, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: Sec. 2. The  
 17 maximum state distribution for a calendar year for all school  
 18 corporations for the purposes described in section 3 of this chapter is:

19 ~~(1) five billion eight hundred twenty-nine million nine hundred~~  
 20 ~~thousand dollars (\$5,829,900,000) in 2009;~~

21 ~~(2) six billion five hundred forty-eight million nine hundred~~  
 22 ~~thousand dollars (\$6,548,900,000) in 2010; and~~

23 ~~(3) (1) six billion five hundred sixty-eight million four hundred~~  
 24 ~~thousand dollars (\$6,568,500,000)~~  
 25 ~~(\$6,247,700,000) in 2011;~~

26 **(2) six billion two hundred forty-seven million seven hundred**  
 27 **thousand dollars (\$6,247,700,000) in 2012; and**

28 **(3) six billion two hundred forty-seven million seven hundred**  
 29 **thousand dollars (\$6,247,700,000) in 2013.**

30 SECTION 66. IC 20-43-2-3, AS AMENDED BY P.L.182-2009(ss),  
 31 SECTION 330, IS AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE JANUARY 1, 2012]: Sec. 3. If the total amount to be  
 33 distributed:

34 (1) as basic tuition support;

35 (2) for academic honors diploma awards;

36 (3) for primetime distributions;

37 (4) for special education grants; **and**

38 (5) for career and technical education grants;

1           ~~(6) for restoration grants; and~~  
 2           ~~(7) for small school grants;~~  
 3           for a particular year exceeds the maximum state distribution for a  
 4           calendar year, the amount to be distributed for state tuition support  
 5           under this article to each school corporation during each of the last six  
 6           ~~(6) months of the year shall be proportionately reduced so that the total~~  
 7           reductions equal the amount of the excess.

8           SECTION 67. IC 20-43-3-4, AS AMENDED BY P.L.182-2009(ss),  
 9           SECTION 331, IS AMENDED TO READ AS FOLLOWS  
 10          [EFFECTIVE JANUARY 1, 2012]: Sec. 4. ~~(a) This subsection applies~~  
 11          ~~to calendar year 2009. A school corporation's previous year revenue~~  
 12          ~~equals the amount determined under STEP TWO of the following~~  
 13          ~~formula:~~

14          ~~STEP ONE: Determine the sum of the following:~~  
 15                  ~~(A) The school corporation's basic tuition support for the year~~  
 16                  ~~that precedes the current year.~~  
 17                  ~~(B) The school corporation's maximum permissible tuition~~  
 18                  ~~support levy for calendar year 2008.~~  
 19                  ~~(C) The school corporation's excise tax revenue for calendar~~  
 20                  ~~year 2007.~~

21          ~~STEP TWO: Subtract from the STEP ONE result an amount equal~~  
 22          ~~to the reduction in the school corporation's state tuition support~~  
 23          ~~under any combination of subsection (c); subsection (d);~~  
 24          ~~IC 20-10.1-2-1 (before its repeal); or IC 20-30-2-4.~~

25          ~~(b) This subsection applies to calendar years 2010 and 2011. A~~  
 26          ~~school corporation's previous year revenue equals the amount~~  
 27          ~~determined under STEP TWO of the following formula:~~

28          ~~STEP ONE: Determine the sum of the following:~~  
 29                  ~~(A) The school corporation's basic tuition support **actually**~~  
 30                  ~~**received** for the year that precedes the current year.~~  
 31                  ~~(B) For calendar year 2010, the amount of education~~  
 32                  ~~stabilization funds received by the school corporation in~~  
 33                  ~~calendar year 2009 under Section 14002(a) of the federal~~  
 34                  ~~American Recovery and Reinvestment Act of 2009 (ARRA).~~  
 35                  ~~(C) The amount of the annual decrease in federal aid to~~  
 36                  ~~impacted areas from the year preceding the ensuing calendar~~  
 37                  ~~year by three (3) years to the year preceding the ensuing~~  
 38                  ~~calendar year by two (2) years.~~

1           **(B) For 2012, the restoration grant (IC 20-43-12**  
 2           **(repealed)) actually received for 2011.**

3           **(C) For 2012, the small school grant (IC 20-43-12.2**  
 4           **(repealed)) actually received for 2011.**

5           STEP TWO: Subtract from the STEP ONE result an amount equal  
 6           to the reduction in the school corporation's state tuition support  
 7           under any combination of subsection ~~(c)~~ **(b)** or IC 20-30-2-4.

8           ~~(c)~~ **(b)** A school corporation's previous year revenue must be  
 9           reduced if:

10           (1) the school corporation's state tuition support for special  
 11           education or career and technical education is reduced as a result  
 12           of a complaint being filed with the department after December 31,  
 13           1988, because the school program overstated the number of  
 14           children enrolled in special education programs or career and  
 15           technical education programs; and

16           (2) the school corporation's previous year revenue has not been  
 17           reduced under this subsection more than one (1) time because of  
 18           a given overstatement.

19           The amount of the reduction equals the amount the school corporation  
 20           would have received in state tuition support for special education and  
 21           career and technical education because of the overstatement.

22           ~~(d) This section applies only to 2009. A school corporation's~~  
 23           ~~previous year revenue must be reduced if an existing elementary or~~  
 24           ~~secondary school located in the school corporation converts to a charter~~  
 25           ~~school under IC 20-24-11. The amount of the reduction equals the~~  
 26           ~~product of:~~

27           ~~(1) the sum of the amounts distributed to the conversion charter~~  
 28           ~~school under IC 20-24-7-3(c) and IC 20-24-7-3(d) (as effective~~  
 29           ~~December 31, 2008); multiplied by~~

30           ~~(2) two (2).~~

31           SECTION 68. IC 20-43-4-7, AS AMENDED BY P.L.182-2009(ss),  
 32           SECTION 332, IS AMENDED TO READ AS FOLLOWS  
 33           [EFFECTIVE JANUARY 1, 2012]: Sec. 7. ~~(a) This subsection does not~~  
 34           ~~apply to a charter school.~~ When calculating adjusted ADM for ~~2010~~  
 35           **2012** distributions, this subsection, as effective after December 31,  
 36           ~~2009~~, **2011**, shall be used to calculate the adjusted ADM for the  
 37           previous year rather than the calculation used to calculate adjusted  
 38           ADM for ~~2009~~ **2011** distributions. For purposes of this article, a school

1 corporation's "adjusted ADM" for the current year is the result  
2 determined under the following formula:

3 STEP ONE: Determine the sum of the following:

4 (A) The school corporation's ADM for the year preceding the  
5 current year by two (2) years divided by three (3):

6 (B) The school corporation's ADM for the year preceding the  
7 current year by one (1) year divided by three (3):

8 (C) The school corporation's ADM for the current year divided  
9 by three (3):

10 STEP TWO: Determine the school corporation's ADM for the  
11 current year:

12 STEP THREE: Determine the greater of the following:

13 (A) The STEP ONE result:

14 (B) The STEP TWO result:

15 (b) A charter school's adjusted ADM for purposes of this article is  
16 the charter school's current ADM: **school corporation's current**  
17 **ADM.**

18 SECTION 69. IC 20-43-5-3, AS AMENDED BY P.L.182-2009(ss),  
19 SECTION 333, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE JANUARY 1, 2012]: Sec. 3. A school corporation's  
21 complexity index is determined under the following formula:

22 STEP ONE: Determine the greater of zero (0) or the result of the  
23 following:

24 (1) Determine the percentage of the school corporation's  
25 students who were eligible for free or reduced price lunches in  
26 the school year ending in the later of:

27 (A) ~~2007~~ for purposes of determining the complexity index  
28 in ~~2009~~; and ~~2009~~ **2011** for the purposes of determining the  
29 complexity index in ~~2010~~ **2012** and ~~2011~~; **2013**; or

30 (B) the first year of operation of the school corporation.

31 (2) Determine the quotient of:

32 (A) in ~~2009~~:

33 (i) ~~two thousand four hundred dollars (\$2,400)~~; divided by

34 (ii) ~~four thousand eight hundred twenty-five dollars~~  
35 ~~(\$4,825)~~;

36 (B) in ~~2010~~:

37 (i) ~~two thousand two hundred sixty-three dollars (\$2,263)~~;  
38 divided by

- 1 (ii) four thousand five hundred fifty dollars (\$4,550); and  
 2 ~~(C) in 2011:~~  
 3 (i) two thousand two hundred forty-one dollars (\$2,241);  
 4 divided by  
 5 (ii) four thousand five hundred five dollars (\$4,505);  
 6 **(A) in 2012:**  
 7 **(i) two thousand one hundred thirteen dollars (\$2,113);**  
 8 **divided by**  
 9 **(ii) four thousand two hundred forty-seven dollars**  
 10 **(\$4,247); and**  
 11 **(B) in 2013:**  
 12 **(i) two thousand one hundred twenty-two dollars**  
 13 **(\$2,122); divided by**  
 14 **(ii) four thousand two hundred sixty-six dollars (\$4,266).**  
 15 (3) Determine the product of:  
 16 (A) the subdivision (1) amount; multiplied by  
 17 (B) the subdivision (2) amount.  
 18 STEP TWO: Determine the result of one (1) plus the STEP ONE  
 19 result.  
 20 STEP THREE: This STEP applies if the STEP TWO result in  
 21 **2012** is equal to or greater than at least one and ~~twenty-five~~  
 22 **twenty-eight** hundredths ~~(1.25)~~; **(1.28) and applies if the STEP**  
 23 **TWO result in 2013 is at least one and thirty-one hundredths**  
 24 **(1.31)**. Determine the result of the following:  
 25 (1) **In 2012**, subtract one and ~~twenty-five~~ **twenty-eight**  
 26 **hundredths (1.28) and in 2013, subtract one and**  
 27 **thirty-one hundredths (1.31)** from the STEP TWO result.  
 28 (2) Determine the result of:  
 29 (A) the STEP TWO result; plus  
 30 (B) the subdivision (1) result.  
 31 The data to be used in making the calculations under STEP ONE must  
 32 be the data collected in the annual pupil enrollment count by the  
 33 department.  
 34 SECTION 70. IC 20-43-5-4, AS AMENDED BY P.L.182-2009(ss),  
 35 SECTION 334, IS AMENDED TO READ AS FOLLOWS  
 36 [EFFECTIVE JANUARY 1, 2012]: Sec. 4. A school corporation's  
 37 foundation amount for a calendar year is the result determined under  
 38 STEP TWO of the following formula:

1 STEP ONE: The STEP ONE amount is:  
 2 (A) in 2009, four thousand eight hundred twenty-five dollars  
 3 (\$4,825);  
 4 (B) in 2010, four thousand five hundred fifty dollars (\$4,550);  
 5 and  
 6 (C) in 2011, four thousand five hundred five dollars (\$4,505);  
 7 **(A) in 2012, four thousand two hundred forty-seven dollars**  
 8 **(\$4,247); and**  
 9 **(B) in 2013, four thousand two hundred sixty-six dollars**  
 10 **(\$4,266).**

11 STEP TWO: Multiply the STEP ONE amount by the school  
 12 corporation's complexity index.

13 SECTION 71. IC 20-43-5-6, AS AMENDED BY P.L.182-2009(ss),  
 14 SECTION 336, IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JANUARY 1, 2012]: Sec. 6. (a) A school corporation's  
 16 transition to foundation amount for a calendar year is equal to the result  
 17 determined under STEP ~~THREE~~ **TWO** of the following formula:

18 STEP ONE: Determine the difference of:  
 19 (A) the school corporation's foundation amount; minus  
 20 (B) the **lesser of:**  
 21 **(i) the school corporation's previous year revenue**  
 22 **foundation amount; or**  
 23 **(ii) the result of the school corporation's foundation**  
 24 **amount multiplied by one and two-tenths (1.2).**

25 STEP TWO: Divide the STEP ONE result by:  
 26 (A) ~~three (3)~~ in 2009;  
 27 (B) ~~two (2)~~ in 2010; and  
 28 (C) ~~one (1)~~ in 2011.

29 STEP ~~THREE~~ **TWO**: A school corporation's STEP ~~THREE~~  
 30 **TWO** amount is the following:

31 (A) For a charter school located outside Marion County that  
 32 has previous year revenue that is not greater than zero (0), the  
 33 charter school's STEP ~~THREE~~ **TWO** amount is the quotient  
 34 of:  
 35 (i) the school corporation's transition to foundation revenue  
 36 for the calendar year where the charter school is located;  
 37 divided by  
 38 (ii) the school corporation's current ADM.

1 (B) For a charter school located in Marion County that has  
 2 previous year revenue that is not greater than zero (0), the  
 3 charter school's STEP THREE amount is the weighted average  
 4 of the transition to foundation revenue for the school  
 5 corporations where the students counted in the current ADM  
 6 of the charter school have legal settlement, as determined  
 7 under item (iv) of the following formula:

8 (i) Determine the transition to foundation revenue for each  
 9 school corporation where a student counted in the current  
 10 ADM of the charter school has legal settlement.

11 (ii) For each school corporation identified in item (i), divide  
 12 the item (i) amount by the school corporation's current  
 13 ADM.

14 (iii) For each school corporation identified in item (i),  
 15 multiply the item (ii) amount by the number of students  
 16 counted in the current ADM of the charter school that have  
 17 legal settlement in the particular school corporation.

18 (iv) Determine the sum of the item (iii) amounts for the  
 19 charter school.

20 (C) The STEP ~~THREE~~ **TWO** amount for a school corporation  
 21 that is not a charter school described in clause (A) or (B) is the  
 22 following:

23 (i) The school corporation's foundation amount for the  
 24 calendar year if the STEP ONE amount is ~~at least negative~~  
 25 ~~one hundred fifty dollars (-\$150) and not more than fifty~~  
 26 ~~dollars (\$50):~~

27 (ii) ~~The sum of the school corporation's previous year~~  
 28 ~~revenue foundation amount and the greater of the school~~  
 29 ~~corporation's STEP TWO amount or fifty dollars (\$50); if~~  
 30 ~~the school corporation's STEP ONE amount is greater than~~  
 31 ~~fifty dollars (\$50): zero (0) or greater.~~

32 (iii) ~~(ii)~~ The amount determined under subsection (b), if the  
 33 school corporation's STEP ONE amount is less than  
 34 ~~negative: one hundred fifty dollars (-\$150): zero (0).~~

35 (b) For the purposes of STEP ~~THREE (C)(iii)~~ **TWO (C)(ii)** in  
 36 subsection (a), determine the result of:

37 (1) ~~the result determined for the school corporation's previous~~  
 38 ~~year revenue foundation amount; corporation under STEP ONE~~

- 1           **(B) of subsection (a);** minus  
 2           (2) the greater of:  
 3            (A) one hundred fifty dollars (\$150); or  
 4            (B) the result of:  
 5                (i) (A) the absolute value of the STEP ONE amount; divided  
 6                by  
 7                (ii) nine (9) in 2010; and eight (8) in 2011: **(B) nine (9) in**  
 8                **2012 and eight (8) in 2013.**

9           SECTION 72. IC 20-43-5-7, AS AMENDED BY P.L.182-2009(ss),  
 10          SECTION 337, IS AMENDED TO READ AS FOLLOWS  
 11          [EFFECTIVE JANUARY 1, 2012]: Sec. 7. A school corporation's  
 12          transition to foundation revenue for a calendar year is equal to the  
 13          product of:

- 14               (1) the school corporation's transition to foundation amount for  
 15               the calendar year; multiplied by  
 16               (2) the school corporation's  
 17                (A) current ADM. if the current ADM for the school  
 18                corporation is less than one hundred (100); and  
 19                (B) current adjusted ADM; if clause (A) does not apply.

20          SECTION 73. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss),  
 21          SECTION 339, IS AMENDED TO READ AS FOLLOWS  
 22          [EFFECTIVE JANUARY 1, 2012]: Sec. 3. (a) A school corporation's  
 23          basic tuition support for a year is the amount determined under the  
 24          applicable provision of this section.

25               (b) This subsection applies to a school corporation that has  
 26               transition to foundation revenue per adjusted ADM for a year that is  
 27               not equal to the foundation amount for the year. The school  
 28               corporation's basic tuition support for a year is equal to the school  
 29               corporation's transition to foundation revenue for the year.

30               (c) This subsection applies to a school corporation that has  
 31               transition to foundation revenue per adjusted ADM for a year that is  
 32               equal to the foundation amount for the year. The school corporation's  
 33               basic tuition support for a year is the sum of the following:

- 34                   (1) The foundation amount for the year multiplied by the school  
 35                   corporation's adjusted ADM.  
 36                   (2) The amount of the annual decrease in federal aid to impacted  
 37                   areas from the year preceding the ensuing calendar year by three  
 38                   (3) years to the year preceding the ensuing calendar year by two

1           ~~(2)~~ years.

2           ~~(d)~~ **(c)** This subsection applies to students of a virtual charter school.  
3 ~~who are participating in the pilot program under IC 20-24-7-13.~~ A  
4 virtual charter school's basic tuition support for a year for those  
5 students is the amount determined under IC 20-24-7-13.

6           SECTION 74. IC 20-43-7-0.5 IS ADDED TO THE INDIANA  
7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
8 [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not**  
9 **apply to a virtual charter school.**

10          SECTION 75. IC 20-43-8-0.5 IS ADDED TO THE INDIANA  
11 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
12 [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not**  
13 **apply to a virtual charter school.**

14          SECTION 76. IC 20-43-9-0.5 IS ADDED TO THE INDIANA  
15 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
16 [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not**  
17 **apply to a virtual charter school.**

18          SECTION 77. IC 20-43-9-6, AS AMENDED BY P.L.182-2009(ss),  
19 SECTION 342, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE JANUARY 1, 2012]: Sec. 6. A school corporation's  
21 primetime distribution for a calendar year under this chapter is the  
22 amount determined by the following formula:

23           STEP ONE: Determine the applicable target pupil/teacher ratio  
24 for the school corporation as follows:

25           (A) If the school corporation's complexity index is less than  
26 one and one-tenth (1.1), the school corporation's target  
27 pupil/teacher ratio is eighteen to one (18:1).

28           (B) If the school corporation's complexity index is at least one  
29 and one-tenth (1.1) but less than one and ~~two-tenths (1.2);~~  
30 **three-tenths (1.3)**, the school corporation's target  
31 pupil/teacher ratio is fifteen (15) plus the result determined in  
32 item (iii) to one (1):

33           (i) Determine the result of one and ~~two-tenths (1.2);~~  
34 **three-tenths (1.3)** minus the school corporation's  
35 complexity index.

36           (ii) Determine the item (i) result divided by ~~one-tenth (0.1);~~  
37 **two-tenths (0.2).**

38           (iii) Determine the item (ii) result multiplied by three (3).

- 1 (C) If the school corporation's complexity index is at least one  
 2 and ~~two-tenths (1.2)~~, **three-tenths (1.3)**, the school  
 3 corporation's target pupil/teacher ratio is fifteen to one (15:1).  
 4 STEP TWO: Determine the result of:  
 5 (A) the ADM of the school corporation in kindergarten  
 6 through grade 3 for the current school year; divided by  
 7 (B) the school corporation's applicable target pupil/teacher  
 8 ratio, as determined in STEP ONE.  
 9 STEP THREE: Determine the result of:  
 10 (A) the basic tuition support for the year multiplied by  
 11 seventy-five hundredths (0.75); divided by  
 12 (B) the school corporation's ~~total~~ ADM.  
 13 STEP FOUR: Determine the result of:  
 14 (A) the STEP THREE result; multiplied by  
 15 (B) the ADM of the school corporation in kindergarten  
 16 through grade 3 for the current school year.  
 17 STEP FIVE: Determine the result of:  
 18 (A) the STEP FOUR result; divided by  
 19 (B) the staff cost amount.  
 20 STEP SIX: Determine the greater of zero (0) or the result of:  
 21 (A) the STEP TWO amount; minus  
 22 (B) the STEP FIVE amount.  
 23 STEP SEVEN: Determine the result of:  
 24 (A) the STEP SIX amount; multiplied by  
 25 (B) the staff cost amount.  
 26 ~~STEP EIGHT: Determine the greater of the STEP SEVEN amount~~  
 27 ~~or the school corporation's guaranteed primetime amount.~~  
 28 ~~STEP NINE: EIGHT:~~ A school corporation's amount under this  
 29 STEP is the following:  
 30 (A) If the amount the school corporation received under this  
 31 chapter in the previous calendar year is greater than zero (0),  
 32 the amount under this STEP is the lesser of:  
 33 (i) the ~~STEP EIGHT SEVEN~~ amount; or  
 34 (ii) the amount the school corporation received under this  
 35 chapter for the previous calendar year multiplied by one  
 36 hundred seven and one-half percent (107.5%).  
 37 (B) If the amount the school corporation received under this  
 38 chapter in the previous calendar year is not greater than zero

1           (0), the amount under this STEP is the STEP ~~EIGHT SEVEN~~  
2           amount.

3           SECTION 78. IC 20-43-10-0.5 IS ADDED TO THE INDIANA  
4           CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
5           [EFFECTIVE JANUARY 1, 2012]: **Sec. 0.5. This chapter does not**  
6           **apply to a virtual charter school.**

7           SECTION 79. IC 21-12-3-13, AS ADDED BY P.L.2-2007,  
8           SECTION 253, IS AMENDED TO READ AS FOLLOWS  
9           [EFFECTIVE JULY 1, 2011]: Sec. 13. The commission may ~~deny~~ **not**  
10          **provide** assistance under this chapter to a higher education award  
11          applicant or recipient who is:

- 12           (1) convicted of a felony;  
13           (2) sentenced to a term of imprisonment for that felony; and  
14           (3) confined for that felony at a penal facility (as defined in  
15           IC 35-41-1-21).

16          SECTION 80. IC 21-14-2-12.5, AS ADDED BY P.L.224-2007,  
17          SECTION 136, IS AMENDED TO READ AS FOLLOWS  
18          [EFFECTIVE UPON PASSAGE]: Sec. 12.5. ~~This section applies to~~  
19          ~~tuition and mandatory fees that a board of trustees of a state~~  
20          ~~educational institution votes to increase after June 30, 2007.~~

21          ~~(b)~~ **(a)** After the enactment of a state budget, the commission for  
22          higher education shall ~~recommend nonbinding~~ **establish** tuition and  
23          mandatory fee increase targets for each state educational institution **for**  
24          **each school year in the ensuing biennium. State educational**  
25          **institutions may not adopt tuition and mandatory fee increases that**  
26          **exceed the tuition and mandatory fee targets established by the**  
27          **commission under this subsection unless the budget director**  
28          **authorizes a modification under subsection (c).**

29          ~~(c)~~ **(b)** The state educational institution shall submit a report to the  
30          state budget committee concerning the financial and budgetary factors  
31          considered by the board of trustees in determining the amount of the  
32          increase.

33          ~~(d)~~ **(c)** The ~~state~~ budget committee shall ~~may~~ review ~~the~~ targets  
34          ~~recommended~~ **established** under subsection ~~(b)~~ **(a)** and reports  
35          received under subsection ~~(c)~~ **and (b) for one (1) or more state**  
36          **educational institutions. To facilitate a review, the budget**  
37          **committee** may request that a state educational institution appear at a  
38          public meeting of the ~~state~~ budget committee concerning the report.

1       **Upon recommendation by the budget committee, the budget**  
 2       **director may increase or decrease one (1) or more tuition and**  
 3       **mandatory fee increase targets established by the commission. A**  
 4       **tuition and mandatory fee increase target established under this**  
 5       **subsection replaces the target established by the commission. State**  
 6       **educational institutions may not adopt tuition and mandatory fee**  
 7       **increases that exceed the tuition and mandatory fee targets**  
 8       **established by the budget director under this subsection.**

9       **(d) If a state educational institution implements a tuition and**  
 10       **mandatory fee increase that exceeds the applicable tuition and**  
 11       **mandatory fee increase target set under this section, the budget**  
 12       **director may withhold from the operating appropriation to the**  
 13       **state educational institution an amount equal to the amount by**  
 14       **which revenue generated by the tuition and mandatory fee**  
 15       **increases adopted by the state educational institution exceed the**  
 16       **revenue that would have been generated by imposing tuition and**  
 17       **mandatory fee increases equal to the applicable tuition and**  
 18       **mandatory fee increase target set under this section.**

19       SECTION 81. IC 21-33-3-3, AS AMENDED BY P.L.31-2010,  
 20       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21       UPON PASSAGE]: Sec. 3. The commission for higher education shall  
 22       complete a review of a project approved or authorized by the general  
 23       assembly. ~~within ninety (90) days after the project is submitted for~~  
 24       ~~review. If the review is not completed within ninety (90) days, the~~  
 25       ~~budget agency or the budget committee may proceed without the~~  
 26       ~~commission's review.~~

27       SECTION 82. IC 21-43-1-5, AS ADDED BY P.L.234-2007,  
 28       SECTION 111, IS AMENDED TO READ AS FOLLOWS  
 29       [EFFECTIVE UPON PASSAGE]: Sec. 5. "Postsecondary credit":

30       **(1) for purposes of section 5.5 of this chapter and**  
 31       **IC 21-43-1.5, means credit toward:**

32               **(A) an associate degree;**

33               **(B) a baccalaureate degree; or**

34               **(C) a career and technical education certification;**

35       **that is granted by a state educational institution upon the**  
 36       **successful completion of a course taken in a high school**  
 37       **setting in a program established under IC 21-43-4 or**  
 38       **IC 21-43-5;**

1           (†) **(2)** for purposes of IC 21-43-2, means credit toward:  
 2           (A) an associate degree;  
 3           (B) a baccalaureate degree; or  
 4           (C) a career and technical education certification;  
 5           granted by a state educational institution upon the successful  
 6           completion of a course taken under a program established under  
 7           IC 21-43-2; and

8           (‡) **(3)** for purposes of IC 21-43-5, means credit toward:  
 9           (A) an associate degree;  
 10           (B) a baccalaureate degree; or  
 11           (C) a career and technical education certification;  
 12           granted by a state educational institution upon the successful  
 13           completion of a course taken under a program established under  
 14           IC 21-43-5.

15           SECTION 83. IC 21-43-1-5.5 IS ADDED TO THE INDIANA  
 16           CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 17           [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. "Priority dual credit**  
 18           **course" refers to a course of study for postsecondary credit that**  
 19           **the commission designates as a priority dual credit course under**  
 20           **IC 21-43-1.5-1.**

21           SECTION 84. IC 21-43-1.5 IS ADDED TO THE INDIANA CODE  
 22           AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 23           UPON PASSAGE]:

24           **Chapter 1.5. Priority Dual Credit Courses**  
 25           **Sec. 1. The commission may identify a set of courses that:**  
 26           **(1) are offered in the high school setting for postsecondary**  
 27           **credit; and**  
 28           **(2) receive state funding;**  
 29           **as priority dual credit courses.**

30           **Sec. 2. The rate charged to a student for a priority dual credit**  
 31           **course shall be set by the commission."**

32           Page 116, delete lines 1 through 8.

33           Page 122, delete lines 42 through 45, begin a new paragraph and  
 34           insert:

35           "SECTION 66. IC 33-38-5-8.1, AS ADDED BY P.L.159-2005,  
 36           SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37           UPON PASSAGE]: Sec. 8.1. (a) ~~Beginning July 1, 2006;~~ **Subject to**  
 38           **subsection (f)**, the part of the total salary of an official:

1           (1) paid by the state; and  
 2           (2) set under section 6 or 8 of this chapter;  
 3 is increased in each state fiscal year in which the general assembly does  
 4 not amend the section of law under which the salary is determined to  
 5 provide a salary increase for the state fiscal year.

6           (b) The percentage by which salaries are increased in a state fiscal  
 7 year under this section is equal to the statewide average percentage, as  
 8 determined by the budget director, by which the salaries of state  
 9 employees in the executive branch who are in the same or a similar  
 10 salary bracket exceed, for the state fiscal year, the salaries of executive  
 11 branch state employees in the same or a similar salary bracket that were  
 12 in effect on July 1 of the immediately preceding state fiscal year.

13           (c) The amount of a salary increase under this section is equal to the  
 14 amount determined by applying the percentage increase for the  
 15 particular state fiscal year to the salary payable by the state, as  
 16 previously adjusted under this section, that is in effect on June 30 of the  
 17 immediately preceding state fiscal year.

18           (d) An official is not entitled to receive a salary increase under this  
 19 section in a state fiscal year in which state employees described in  
 20 subsection (b) do not receive a statewide average salary increase.

21           (e) If a salary increase is required under this section, the budget  
 22 director shall augment judicial appropriations, including the line items  
 23 for personal services for the supreme court, local judges' salaries, and  
 24 county prosecutors' salaries, in the state biennial budget in an amount  
 25 sufficient to pay for the salary increase from the sources of funds  
 26 determined by the budget director.

27           **(f) An individual is not entitled to receive a salary or benefit**  
 28 **increase under this section in a state fiscal year beginning after**  
 29 **June 30, 2011, and ending before July 1, 2013, regardless of**  
 30 **whether state employees described in subsection (b) received a**  
 31 **statewide average salary increase. The salaries and benefits to**  
 32 **which this subsection applies include the following:**

33           **(1) The annual salary of members of the general assembly**  
 34 **(IC 2-3-1-1).**

35           **(2) The annual salary of a magistrate (IC 33-23-5-10).**

36           **(3) The annual salary of the tax court judge (IC 33-26-2-5).**

37           **(4) The annual salary of each full-time judge of a circuit,**  
 38 **superior, municipal, county, or probate court (section 6 of this**

- 1           **chapter).**  
 2           **(5) The annual salary for each justice of the supreme court**  
 3           **and each justice of the court of appeals (section 8 of this**  
 4           **chapter).**  
 5           **(6) A salary payable to a prosecuting attorney or deputy**  
 6           **prosecuting attorney (IC 33-39-6).**  
 7           **(7) Any other salary or benefit that is computed based on a**  
 8           **salary described in subdivisions (1) through (6).**

9           SECTION 68. THE FOLLOWING ARE REPEALED [EFFECTIVE  
 10          JANUARY 1, 2012]: IC 20-20-36.2; IC 20-40-16; IC 20-43-1-12;  
 11          IC 20-43-1-17; IC 20-43-1-21.5; IC 20-43-3-2; IC 20-43-12;  
 12          IC 20-43-12.2.

13          SECTION 69. P.L.182-2009(ss), SECTION 486, IS AMENDED TO  
 14          READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SEC. 486.  
 15          (a) As used in this SECTION, "continuing care retirement community"  
 16          means a health care facility that:

- 17               (1) provides independent living services and health facility  
 18               services in a campus setting with common areas;  
 19               (2) holds continuing care agreements with at least twenty-five  
 20               percent (25%) of its residents (as defined in IC 23-2-4-1);  
 21               (3) uses the money from the agreements described in subdivision  
 22               (2) to provide services to the resident before the resident may be  
 23               eligible for Medicaid under IC 12-15; and  
 24               (4) meets the requirements of IC 23-2-4.

25          (b) As used in this SECTION, "health facility" refers to a health  
 26          facility that is licensed under IC 16-28 as a comprehensive care facility.

27          (c) As used in this SECTION, "nursing facility" means a health  
 28          facility that is certified for participation in the federal Medicaid  
 29          program under Title XIX of the federal Social Security Act (42 U.S.C.  
 30          1396 et seq.).

31          (d) As used in this SECTION, "office" refers to the office of  
 32          Medicaid policy and planning established by IC 12-8-6-1.

33          (e) ~~Effective August 1, 2003, and before August 1,~~  
 34          **2011**, the office shall collect a quality assessment from each health  
 35          facility **under this SECTION**. The office shall offset the collection of  
 36          the assessment for a health facility:

- 37               (1) against a Medicaid payment to the health facility by the office;  
 38               or

- 1           (2) in another manner determined by the office.
- 2           (f) The office shall implement the waiver approved by the United  
3 States Centers for Medicare and Medicaid Services that provides for an  
4 exemption from collection of a quality assessment from the following:
- 5           (1) A continuing care retirement community as follows:
- 6           (A) A continuing care retirement community that was  
7 registered with the securities commissioner as a continuing  
8 care retirement community on January 1, 2007, is not required  
9 to meet the definition of a continuing care retirement  
10 community in subsection (a).
- 11           (B) A continuing care retirement community that, for the  
12 period January 1, 2007, through June 30, 2009, operates  
13 independent living units, at least twenty-five percent (25%) of  
14 which are provided under contracts that require the payment  
15 of a minimum entrance fee of at least twenty-five thousand  
16 dollars (\$25,000).
- 17           (C) An organization registered under IC 23-2-4 before July 1,  
18 2009, that provides housing in an independent living unit for  
19 a religious order.
- 20           (D) A continuing care retirement community that meets the  
21 definition set forth in subsection (a).
- 22           (2) A hospital based health facility.
- 23           (3) The Indiana Veterans' Home.
- 24 Any revision to the state plan amendment or waiver request under this  
25 subsection is subject to and must comply with the provisions of this  
26 SECTION.
- 27           (g) If the United States Centers for Medicare and Medicaid Services  
28 determines not to approve payments under this SECTION using the  
29 methodology described in subsections (d) and (e), the office shall  
30 revise the state plan amendment and waiver request submitted under  
31 this SECTION as soon as possible to demonstrate compliance with 42  
32 CFR 433.68(e)(2)(ii) and to provide for collection of a quality  
33 assessment from health facilities effective August 1, 2003.
- 34           (h) The money collected from the quality assessment may be used  
35 only to pay the state's share of the costs for Medicaid services provided  
36 under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et  
37 seq.) as follows:
- 38           (1) At the following percentages when the state's regular federal

1 medical assistance percentage (FMAP) applies, excluding the  
 2 time frame in which the adjusted FMAP is provided to the state  
 3 by the federal American Recovery and Reinvestment Act of 2009:

4 (A) Twenty percent (20%) as determined by the office.

5 (B) Eighty percent (80%) to nursing facilities.

6 (2) At the following percentages when the state's federal medical  
 7 assistance percentage (FMAP) is adjusted by the federal  
 8 American Recovery and Reinvestment Act of 2009:

9 (A) Forty percent (40%) as determined by the office.

10 (B) Sixty percent (60%) to nursing facilities.

11 (i) After:

12 (1) the amendment to the state plan and waiver request submitted  
 13 under this SECTION is approved by the United States Centers for  
 14 Medicare and Medicaid Services; and

15 (2) the office calculates and begins paying enhanced  
 16 reimbursement rates set forth in this SECTION;

17 the office shall begin the collection of the quality assessment set under  
 18 this SECTION. The office may establish a method to allow a facility to  
 19 enter into an agreement to pay the quality assessment collected under  
 20 this SECTION subject to an installment plan.

21 (j) If federal financial participation becomes unavailable to match  
 22 money collected from the quality assessments for the purpose of  
 23 enhancing reimbursement to nursing facilities for Medicaid services  
 24 provided under Title XIX of the federal Social Security Act (42 U.S.C.  
 25 1396 et seq.), the office shall cease collection of the quality assessment  
 26 under this SECTION.

27 (k) To implement this SECTION, the office shall adopt rules under  
 28 IC 4-22-2.

29 (l) Not later than July 1, 2003, the office shall do the following:

30 (1) Request the United States Department of Health and Human  
 31 Services under 42 CFR 433.72 to approve waivers of 42 CFR  
 32 433.68(c) and 42 CFR 433.68(d) by demonstrating compliance  
 33 with 42 CFR 433.68(e)(2)(ii).

34 (2) Submit any state Medicaid plan amendments to the United  
 35 States Department of Health and Human Services that are  
 36 necessary to implement this SECTION.

37 (m) After approval of the waivers and state Medicaid plan  
 38 amendment applied for under this SECTION, the office shall

1 implement this SECTION effective July 1, 2003.

2 (n) The select joint commission on Medicaid oversight, established  
3 by IC 2-5-26-3, shall review the implementation of this SECTION. ~~The~~  
4 ~~office may not make any change to the reimbursement for nursing~~  
5 ~~facilities unless the select joint commission on Medicaid oversight~~  
6 ~~recommends the reimbursement change.~~

7 (o) A nursing facility or a health facility may not charge the facility's  
8 residents for the amount of the quality assessment that the facility pays  
9 under this SECTION.

10 (p) The office may withdraw a state plan amendment submitted  
11 under this SECTION only if the office determines that failure to  
12 withdraw the state plan amendment will result in the expenditure of  
13 state funds not funded by the quality assessment.

14 (q) If a health facility fails to pay the quality assessment under this  
15 SECTION not later than ten (10) days after the date the payment is due,  
16 the health facility shall pay interest on the quality assessment at the  
17 same rate as determined under IC 12-15-21-3(6)(A).

18 (r) The office shall report to the state department of health each  
19 nursing facility and each health facility that fails to pay the quality  
20 assessment under this SECTION not later than one hundred twenty  
21 (120) days after payment of the quality assessment is due.

22 (s) The state department of health shall do the following:

23 (1) Notify each nursing facility and each health facility reported  
24 under subsection (r) that the nursing facility's or health facility's  
25 license under IC 16-28 will be revoked if the quality assessment  
26 is not paid.

27 (2) Revoke the nursing facility's or health facility's license under  
28 IC 16-28 if the nursing facility or the health facility fails to pay  
29 the quality assessment.

30 (t) An action taken under subsection (s)(2) is governed by:

31 (1) IC 4-21.5-3-8; or

32 (2) IC 4-21.5-4.

33 (u) The office shall report the following information to the select  
34 joint commission on Medicaid oversight established by IC 2-5-26-3 at  
35 every meeting of the commission:

36 (1) Before the quality assessment is approved by the United States  
37 Centers for Medicare and Medicaid Services:

38 (A) an update on the progress in receiving approval for the

- 1           quality assessment; and
- 2           (B) a summary of any discussions with the United States
- 3           Centers for Medicare and Medicaid Services.
- 4           (2) After the quality assessment has been approved by the United
- 5           States Centers for Medicare and Medicaid Services:
- 6           (A) an update on the collection of the quality assessment;
- 7           (B) a summary of the quality assessment payments owed by a
- 8           nursing facility or a health facility; and
- 9           (C) any other relevant information related to the
- 10          implementation of the quality assessment.
- 11          (v) This SECTION expires August 1, 2011.

12          SECTION 70. [EFFECTIVE UPON PASSAGE] (a) **The Council**

13          **of State Governments is exempt from the gross retail and use taxes**

14          **imposed under IC 6-2.5 for any transaction in which food or**

15          **beverage is furnished, prepared, or served to any person under a**

16          **contract with the Council of State Governments in connection with**

17          **the sixty-sixth annual meeting of the Midwestern Legislative**

18          **Conference to be held in July 2011. A caterer or other contractor**

19          **is not required to collect or remit taxes under IC 6-2.5 or IC 6-9 for**

20          **a transaction that is exempt under this SECTION. If the Council**

21          **of State Governments provides an exemption certificate issued**

22          **under IC 6-2.5 to a caterer or other contractor for a transaction**

23          **that is exempt under this SECTION, the caterer or other**

24          **contractor shall not collect or remit any taxes that would otherwise**

25          **be imposed under IC 6-2.5 or IC 6-9 for the transaction.**

26          (b) **The exemption provided under this SECTION does not**

27          **apply to any purchase by attendees that is not paid for directly by**

28          **the Council of State Governments.**

29          (c) **The general assembly finds that:**

30               (1) **the general assembly is a member of the Council of State**

31               **Governments and the host for the Midwestern Legislative**

32               **Conference to be held in July 2011;**

33               (2) **notwithstanding the exemptions provided in this**

34               **SECTION, the sixty-sixth annual meeting of the Midwestern**

35               **Legislative Conference will generate a significant economic**

36               **impact for Indiana and additional revenues from taxes**

37               **affected by this SECTION; and**

38               (3) **the exemptions provided in this SECTION will not reduce**

1           or adversely affect the levy and collection of taxes pledged to  
2           the payment of bonds, notes, leases, or subleases payable from  
3           those taxes.

4           **(d) This SECTION expires September 1, 2011.**

5           SECTION 71. [EFFECTIVE JULY 1, 2011] **(a) As used in this**  
6           **SECTION, "combined state reserves" means the sum of the**  
7           **unencumbered balances in the following funds:**

8                 **(1) The state general fund, including the Medicaid**  
9                 **contingency and reserve account of the state general fund.**

10                **(2) The counter-cyclical revenue and economic stabilization**  
11                **fund.**

12                **(3) The state tuition reserve fund.**

13           **(b) This subsection applies if the combined state reserves on**  
14           **June 30, 2012, exceed three percent (3%) of the sum of the amount**  
15           **appropriated for the immediately following state fiscal year. Before**  
16           **August 1, 2012, the budget agency shall transfer fifty million**  
17           **dollars (\$50,000,000) from the state general fund to the state**  
18           **tuition reserve fund established by IC 4-12-1-15.7 for purposes of**  
19           **the state tuition reserve fund.**

20           **(c) This subsection applies if the combined state reserves on**  
21           **June 30, 2013, exceed three percent (3%) of the sum of the amount**  
22           **appropriated for the immediately following state fiscal year. Before**  
23           **August 1, 2013, the budget agency shall transfer fifty million**  
24           **dollars (\$50,000,000) from the state general fund to the state**  
25           **tuition reserve fund established by IC 4-12-1-15.7 for purposes of**  
26           **the state tuition reserve fund.**

27           **(d) This SECTION expires August 1, 2013.**

28           SECTION 72. [EFFECTIVE JULY 1, 2011] **(a) The general**  
29           **assembly finds that the revenue forecast technical committee, using**  
30           **the best information available, estimates that the amount certified**  
31           **for distribution to counties under IC 6-3.5-1.1, IC 6-3.5-6, and**  
32           **IC 6-3.5-7 in state fiscal years 2009, 2010, and 2011 will have**  
33           **exceeded the amount of adjusted gross income taxes, county option**  
34           **income taxes, and county economic development income taxes**  
35           **collected from county taxpayers by six hundred nine million seven**  
36           **hundred thousand dollars (\$609,700,000). Under IC 6-3.5-1.1-9(c),**  
37           **IC 6-3.5-6-17(c), and IC 6-3.5-7-11(d), the budget agency is**  
38           **directed to reduce certified distributions in calendar years 2012,**

1       **2013, and 2014 by a total of four hundred eight million two**  
2       **hundred seventy-six thousand dollars (\$408,276,000) to those**  
3       **counties to which overpayments were made. The amount shall be**  
4       **recovered and allocated among the various purposes for which**  
5       **taxes were imposed, as determined by the budget agency. The**  
6       **budget agency may not make a supplemental distribution under**  
7       **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**  
8       **county's certified distribution is being reduced under this**  
9       **SECTION.**

10       **(b) This SECTION expires July 1, 2015."**

11       Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as introduced.)

**and when so amended that said bill do pass.**

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Representative Espich