



February 24, 2012

ENGROSSED HOUSE BILL No. 1192

DIGEST OF HB 1192 (Updated February 23, 2012 11:59 am - DI 58)

Citations Affected: IC 5-1; IC 5-10; IC 6-1.1; IC 20-26; IC 20-27; IC 20-40; IC 20-46; IC 20-48; noncode.

Synopsis: School corporation and local government finances. Provides that the petition and remonstrance process requirements and referendum requirements that under current law must be met before a school corporation with a circuit breaker impact may restructure its debt do not apply to a school corporation that: (1) adopts a resolution before January 1, 2018, to restructure its debt; and (2) has a circuit breaker impact percentage of at least 20%, as certified by the department of local government finance. Provides that a school corporation is eligible to obtain a loan from the rainy day fund if the school corporation is designated as distressed by the distressed unit appeal board (DUAB) or the school corporation is otherwise approved for a loan by the DUAB. Provides that in the case of a school corporation that petitions the DUAB, the DUAB shall make a recommendation to the state board of finance concerning the loan. Provides that the state board of finance may not after December 31, 2017, approve such loans to a school corporation from the rainy day fund. Specifies that at the time the DUAB designates a school corporation as distressed or otherwise recommends that a loan from the rainy day fund be approved for the school corporation, the DUAB may also recommend to the state board of finance that a loan from the rainy (Continued next page)

Effective: Upon passage.

Cherry, Speedy

(SENATE SPONSORS — MILLER, CHARBONNEAU, GARD)

January 9, 2012, read first time and referred to Committee on Ways and Means.
January 25, 2012, amended, reported — Do Pass.
January 27, 2012, read second time, ordered engrossed. Engrossed.
January 30, 2012, read third time, passed. Yeas 91, nays 4.

SENATE ACTION

February 1, 2012, read first time and referred to Committee on Appropriations.
February 23, 2012, amended, reported favorably — Do Pass.

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day fund to the school corporation be contingent upon any of the following: (1) The sale of specified unused property by the school board. (2) The school corporation modifying one or more specified contracts entered into by the school corporation. Provides that in making a loan from the rainy day fund to a school corporation, the state board of finance may make the loan contingent upon any such condition recommended by the DUAB. Provides that a school corporation's loan may not exceed the lesser of \$5,000,000 or the result of multiplying the school corporation's ADM by \$1,000. Provides for the interception of revenues otherwise payable to the school corporation if the school corporation fails to pay an obligation associated with the loan. Specifies that the treasurer of state may not impair the rights of the school corporation's bondholders regarding rainy day fund loan payments. Provides that the interest rate on rainy day fund loans to a school corporations is equal to the interest rate on state taxes, minus 2%. Changes the membership of the DUAB. Provides that a political subdivision may file a petition with the DUAB seeking designation of the political subdivision as a distressed political subdivision, based on any one of several failures by the political subdivision to meet its financial obligations. Specifies that the DUAB may consider whether a political subdivision has exercised all of its local options. Provides that if the DUAB designates a political subdivision as a distressed political subdivision, the board shall (except in the case of a school corporation that is designated as distressed) appoint an emergency manager for the distressed political subdivision. Provides that an emergency manager of a distressed political subdivision has broad powers to effect the financial rehabilitation of the distressed political subdivision. Provides that a school corporation that is designated as distressed may not carry out certain actions without the approval of the DUAB. Provides that if a school corporation that covers its active and retired employees under a state employee health plan consolidates, reorganizes, or merges after May 1, 2012, with a school corporation that does not cover its active and retired employees under a state employee health plan, the school corporation that results from the consolidation, reorganization, or merger must allow an individual for whom the first school corporation had (as of the effective date of the consolidation, reorganization, or merger) health insurance liability under a state employee health plan to continue the individual's coverage under the state employee health plan for at least five years. Provides that a school corporation that carried out a general program in at least one school year beginning after June 30, 2010, to provide transportation to and from school for eligible students must carry out a program to provide transportation to and from school, unless the governing body of the school corporation: (1) approves the termination of the transportation program; and (2) provides public notice of the termination; at least three years before the date after which the transportation will no longer be provided. Allows the department of education to waive these requirements if the department determines that a transportation plan presented by the school corporation, with or without revisions required by the department: (1) will protect the safety of eligible students enrolled in the school corporation; and (2) is otherwise in accordance with applicable law. Provides that before January 1, 2018, costs attributable to transportation may be budgeted in and paid from a school corporation's general fund. Provides that the department of local government finance may upon petition by a school corporation adjust the school corporation's levy for the school bus replacement fund to reflect the school corporation's school bus acquisition plan. Reduces (by 75% in 2013, 50% in 2014, and 25% in 2015) the amount by which a school corporation must otherwise reduce the school corporation's other levies to offset a pension debt levy, if the school corporation adopts a resolution to apply such a reduction.

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February 24, 2012

Second Regular Session 117th General Assembly (2012)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1192

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

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

1 SECTION 1. IC 5-1-5-2.5, AS ADDED BY P.L.229-2011,
2 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 2.5. (a) As used in this section, "eligible
4 school corporation" means a school corporation (as defined in
5 IC 36-1-2-17) that satisfies all the conditions required by this section.
6 (b) As used in this section, "increment" means the annual difference
7 between:
8 (1) the annual debt service payment for the bonds proposed to be
9 retired or refunded; and
10 (2) the annual debt service payment for the proposed refunding
11 bonds;
12 for each year that the bonds that are being retired or refunded would
13 have been outstanding.
14 (c) In order for a school corporation to be an eligible school
15 corporation under this section, the school corporation must determine
16 that the percentage computed under this subsection for the school
17 corporation is **at least twenty percent (20%) before January 1, 2018,**

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1 **or** at least thirty percent (30%) **after December 31, 2017**, regarding
 2 the year for which the latest certified levies have been determined. A
 3 school corporation shall compute its percentage as follows:

4 (1) Compute the amount of credits granted under IC 6-1.1-20.6
 5 against the school corporation's combined levy for the school
 6 corporation's:

7 (A) debt service fund, as described in IC 20-46-7-15;

8 (B) capital projects fund;

9 (C) transportation fund;

10 (D) school bus replacement fund; and

11 (E) racial balance fund.

12 (2) Compute the school corporation's combined levy for the
 13 school corporation's:

14 (A) capital projects fund;

15 (B) transportation fund;

16 (C) school bus replacement fund; and

17 (D) racial balance fund.

18 (3) Divide the amount computed under subdivision (1) by the
 19 amount computed under subdivision (2) and express it as a
 20 percentage.

21 **A school corporation that desires to be an eligible school**
 22 **corporation under this section must submit a written request for**
 23 **a certification by the department of local government finance that**
 24 **the computation of the school corporation's percentage computed**
 25 **under this subsection is correct. The department of local**
 26 **government finance shall, not later than thirty (30) days after the**
 27 **date the department receives the school corporation's request,**
 28 **certify the percentage computed under this subsection for the**
 29 **school corporation.**

30 (d) A school corporation that desires to be an eligible school
 31 corporation under this section must satisfy the following conditions:

32 (1) The school corporation shall conduct a public hearing and
 33 provide notice of the time, date, and place of the hearing,
 34 published as required by IC 5-3-1, before the school corporation
 35 may adopt ~~an ordinance~~ **a resolution** under this section. At the
 36 public hearing, the governing body must provide the following
 37 information:

38 (A) The annual debt service payments, applicable debt service
 39 tax rate, and total debt service payments for the bonds
 40 proposed to be retired or refunded.

41 (B) The annual debt service payments, applicable debt service
 42 fund tax rate, and total debt service payments for the proposed

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refunding bonds.
(C) The annual increment for each year that the bonds that are being retired or refunded would have been outstanding and any other benefits to be derived from issuing the refunding bonds.

(2) The requirements of this subdivision do not apply to a school corporation that adopts a resolution under subsection (e) before January 1, 2018, and that has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. If the amount determined under subsection (c)(3) is:

(A) more than forty-five percent (45%), notwithstanding IC 6-1.1-20-3.1(a) and IC 6-1.1-20-3.2(a), the school corporation shall use the petition and remonstrance process prescribed by IC 6-1.1-20-3.1(b) and IC 6-1.1-20-3.2(b) and more individuals must sign the petition for the bond refunding under this section than the number of individuals signing a remonstrance against the bond refunding; or

(B) **at least twenty percent (20%) before January 1, 2018, or at least thirty percent (30%) after December 31, 2017,** but not more than forty-five percent (45%), the school corporation shall conduct a referendum on a public question regarding the bond refunding using the process for a referendum tax levy under IC 20-46-1 and the bond refunding must be approved by the eligible voters of the school corporation. The question to be submitted to the voters in the referendum must read as follows:

"Shall _____ (insert the name of the school corporation) issue refunding bonds to refund not more than fifty percent (50%) of its outstanding bonds to provide an annual savings to the school's debt service fund that can be transferred from the school's debt service fund to the school's capital projects fund, transportation fund, or school bus replacement fund?".

Except as provided in subdivision (2)(A), IC 6-1.1-20 does not apply to bonds issued under this section.

(e) A school corporation that desires to be an eligible school corporation under this section must, before July 1, 2013, and notwithstanding any other law, adopt **an ordinance a resolution** that sets forth the following:

(1) The determinations made under subsection (c), **including the department of local government finance's certification of the percentage computed under subsection (c).**

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1 (2) **The requirements of this subdivision do not apply to a**
 2 **resolution adopted under this subsection before January 1,**
 3 **2018, if the school corporation has a percentage computed**
 4 **under subsection (c) that is at least twenty percent (20%), as**
 5 **certified by the department of local government finance.** The
 6 result of the petition remonstrance process under subsection
 7 (d)(2)(A) or the result of the vote on the public question under
 8 subsection (d)(2)(B), whichever applies.

9 (3) A determination providing for the:

10 (A) issuance of bonds to refund not more than fifty percent
 11 (50%) of outstanding bonds or leases issued by or on behalf of
 12 the school corporation; and

13 (B) payment of redemption premiums and the costs of the
 14 refunding.

15 (4) With respect to the refunding bonds, the following:

16 (A) The maximum principal amount.

17 (B) The maximum interest rate.

18 (C) The annual lease or debt service payment.

19 (D) The final maturity date.

20 (E) The estimated amount of the increment that will occur for
 21 each year that the bonds that are being retired or refunded by
 22 the issuance of refunding bonds would have been outstanding.

23 (F) A finding that the annual debt service or lease payment on
 24 the refunding bonds will not increase the annual debt service
 25 or lease payment above the annual debt service or lease
 26 payment approved by the school corporation for the original
 27 project.

28 If the governing body adopts ~~an ordinance a resolution~~ under this
 29 section, the governing body must publish notice of the adoption of ~~the~~
 30 ~~ordinance the resolution~~ as required by IC 5-3-1.

31 (f) An eligible school corporation may issue refunding bonds as
 32 permitted by this section. In addition, an eligible school corporation
 33 may extend the repayment period beyond the repayment period for the
 34 bonds that are being retired or refunded by the issuance of refunding
 35 bonds. However, the repayment period may be extended only once for
 36 a particular bond, and the extension may not exceed ten (10) years.

37 (g) Property taxes imposed by an eligible school corporation to pay
 38 debt service for bonds permitted by this section shall be considered for
 39 purposes of calculating the limits to property tax liability under Article
 40 10, Section 1 of the Constitution of the State of Indiana and for
 41 calculating a person's credit under IC 6-1.1-20.6-7.5. However,
 42 property taxes imposed by an eligible school corporation through

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1 December 31, 2019, to pay debt service for bonds permitted by this
 2 section may not be considered in an eligible county, as used in Article
 3 10, Section 1(h) of the Constitution of the State of Indiana, for purposes
 4 of calculating the limits to property tax liability under Article 10,
 5 Section 1 of the Constitution of the State of Indiana or for calculating
 6 a person's credit under IC 6-1.1-20.6-7.5.

7 SECTION 2. IC 5-10-8-6.8 IS ADDED TO THE INDIANA CODE
 8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 9 UPON PASSAGE]: **Sec. 6.8. (a) This section applies to a school
 10 corporation that results from the consolidation, reorganization, or
 11 merger, after May 1, 2012, of:**

- 12 **(1) a school corporation that has elected to provide coverage
 13 of health care services for active and retired employees of the
 14 school corporation under a state employee health plan; and
 15 (2) a school corporation that has not elected to provide
 16 coverage of health care services for active and retired
 17 employees of the school corporation under a state employee
 18 health plan.**

19 **(b) A school corporation that results from a consolidation,
 20 reorganization, or merger described in subsection (a) must allow
 21 an individual for whom the school corporation described in
 22 subsection (a)(1) had (as of the effective date of the consolidation,
 23 reorganization, or merger) health insurance liability under a state
 24 employee health plan to continue the individual's coverage under
 25 the state employee health plan for at least five (5) years.**

26 **(c) This SECTION expires January 1, 2018.**

27 SECTION 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008,
 28 SECTION 202, IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter,
 30 "distressed political subdivision" means a political subdivision that
 31 expects to have the political subdivision's property tax collections
 32 reduced by at least five percent (5%) in a calendar year as a result of
 33 the application of the credit under IC 6-1.1-20.6 for that calendar year.
 34 **designated as a distressed political subdivision by the board under
 35 section 6.5 of this chapter.**

36 SECTION 4. IC 6-1.1-20.3-4, AS AMENDED BY P.L.146-2008,
 37 SECTION 203, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The distressed unit appeal
 39 board is established.

40 (b) The distressed unit appeal board consists of the following
 41 members:

- 42 (1) The director of the office of management and budget or the

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1 director's designee. The director or the director's designee shall
2 serve as chairperson of the distressed unit appeal board.

3 (2) The commissioner of the department of local government
4 finance or the commissioner's designee.

5 ~~(3)~~ The commissioner of the department of state revenue or the
6 commissioner's designee.

7 ~~(4)~~ **(3)** The state examiner of the state board of accounts or the
8 state examiner's designee.

9 **(5)** The following members appointed by the governor:

10 (A) One ~~(1)~~ member appointed from nominees submitted by
11 the Indiana Association of Cities and Towns:

12 (B) One ~~(1)~~ member appointed from nominees submitted by
13 the Association of Indiana Counties:

14 (C) One ~~(1)~~ member appointed from nominees submitted by
15 the Indiana Association of School Superintendents:

16 A member nominated and appointed under this subdivision must
17 be an elected official of a political subdivision:

18 ~~(6)~~ One ~~(1)~~ member appointed by the governor (in addition to
19 members appointed under subdivision ~~(5)~~):

20 ~~(7)~~ One ~~(1)~~ member appointed by the speaker of the house of
21 representatives: A member appointed under this subdivision
22 serves a term of four ~~(4)~~ years:

23 **(4)** The state superintendent of public instruction or the
24 superintendent's designee.

25 **(5)** An individual appointed by the chairman of the legislative
26 council.

27 ~~(c)~~ The members appointed under subsection ~~(b)~~(5) and subsection
28 ~~(b)~~(6) serve at the pleasure of the governor:

29 ~~(d)~~ **(c)** Each member of the commission is entitled to reimbursement
30 for:

31 (1) traveling expenses as provided under IC 4-13-1-4; and

32 (2) other expenses actually incurred in connection with the
33 member's duties as provided in the state policies and procedures
34 established by the Indiana department of administration and
35 approved by the budget agency.

36 SECTION 5. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008,
37 SECTION 205, IS AMENDED TO READ AS FOLLOWS
38 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For property taxes first
39 due and payable in 2008 and thereafter, The fiscal body **and the**
40 **executive** of a distressed political subdivision may petition the board
41 for relief as authorized under this chapter from the application of the
42 credit under IC 6-1.1-20.6 for a calendar year: **political subdivision**

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1 may jointly file a petition with the board seeking to have the
 2 political subdivision designated as a distressed political subdivision
 3 under this chapter.

4 (b) A petition under subsection (a) must include a proposed
 5 financial plan for the distressed political subdivision. The proposed
 6 financial plan must include the following:

7 (1) Proposed budgets that would enable the distressed political
 8 subdivision to cease being a distressed political subdivision.

9 (2) Proposed efficiencies, consolidations, cost reductions, uses of
 10 alternative or additional revenues, or other actions that would
 11 enable the distressed political subdivision to cease being a
 12 distressed political subdivision.

13 (3) Proposed increases, if any, in the percentage thresholds
 14 (specified as a percentage of gross assessed value) at which the
 15 credit under IC 6-1.1-20.6 will apply, including any varying
 16 percentages for different classes of property.

17 (4) Proposed reductions, if any, to the credits under IC 6-1.1-20.6
 18 (by percentages), including any varying percentage reductions for
 19 different classes of property.

20 (b) The governing body and the superintendent of a school
 21 corporation may jointly file a petition with the board seeking relief
 22 under section 8.3 of this chapter.

23 (c) The board may adopt procedures governing the timing and
 24 required content of a petition under subsection (a).

25 SECTION 6. IC 6-1.1-20.3-6.5 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE UPON PASSAGE]: **Sec. 6.5. (a) After the board**
 28 **receives a petition concerning a political subdivision under section**
 29 **6(a) of this chapter, the board may designate the political**
 30 **subdivision as a distressed political subdivision if at least one (1) of**
 31 **the following conditions applies to the political subdivision:**

32 (1) The political subdivision has defaulted in payment of
 33 principal or interest on any of its bonds or notes.

34 (2) The political subdivision has failed to make required
 35 payments to payroll employees for thirty (30) days or two (2)
 36 consecutive payrolls.

37 (3) The political subdivision has failed to make required
 38 payments to judgment creditors for sixty (60) days beyond the
 39 date of the recording of the judgment.

40 (4) The political subdivision, for at least thirty (30) days
 41 beyond the due date, has failed to do any of the following:

42 (A) Forward taxes withheld on the incomes of employees.



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- (B) Transfer employer or employee contributions due under the Federal Insurance Contributions Act (FICA).**
- (C) Deposit the political subdivision's minimum obligation payment to a pension fund.**
- (5) The political subdivision has accumulated a deficit equal to eight percent (8%) or more of the political subdivision's revenues. For purposes of this subdivision, "deficit" means a negative fund balance calculated as a percentage of revenues at the end of a budget year for any governmental or proprietary fund. The calculation must be presented on an accrual basis according to generally accepted accounting principles.**
- (6) The political subdivision has sought to negotiate a resolution or an adjustment of claims that in the aggregate:**
 - (A) exceed thirty percent (30%) of the political subdivision's anticipated annual revenues; and**
 - (B) are ninety (90) days or more past due.**
- (7) The political subdivision has carried over interfund loans for the benefit of the same fund at the end of two (2) successive years.**
- (8) The political subdivision has been severely affected, as determined by the board, as a result of granting the property tax credits under IC 6-1.1-20.6.**
- (9) In addition to the conditions listed in subdivisions (1) through (8), and in the case of a school corporation, the board may also designate a school corporation as a distressed political subdivision if at least one (1) of the following conditions applies:**
 - (A) The school corporation has:**
 - (i) issued refunding bonds under IC 5-1-5-2.5; or**
 - (ii) adopted a resolution under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(e).**
 - (B) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the highest ten (10) among all school corporations.**
 - (C) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the highest ten (10) among all school corporations.**

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1 **(D) The amount of homestead assessed valuation in the**
 2 **school corporation for calendar year 2011 was at least**
 3 **sixty percent (60%) of the total amount of assessed**
 4 **valuation in the school corporation for calendar year 2011.**

5 **The board may consider whether a political subdivision has fully**
 6 **exercised all the local options available to the political subdivision,**
 7 **such as a local option income tax or a local option income tax rate**
 8 **increase or, in the case of a school corporation, an operating**
 9 **referendum.**

10 **(b) If the board designates a political subdivision as distressed**
 11 **under subsection (a), the board shall review the designation**
 12 **annually to determine if the distressed political subdivision meets**
 13 **at least one (1) of the conditions listed in subsection (a).**

14 **(c) If the board designates a political subdivision as a distressed**
 15 **political subdivision under subsection (a), the board shall**
 16 **immediately notify:**

- 17 **(1) the treasurer of state; and**
 18 **(2) the county auditor and county treasurer of each county in**
 19 **which the distressed political subdivision is wholly or partially**
 20 **located;**

21 **that the board has designated the political subdivision as a**
 22 **distressed political subdivision.**

23 **SECTION 7. IC 6-1.1-20.3-7 IS REPEALED [EFFECTIVE UPON**
 24 **PASSAGE]. Sec. 7: (a) If the fiscal body of a distressed political**
 25 **subdivision submits a petition under section 6 of this chapter, the board**
 26 **shall review the petition and assist in establishing a financial plan for**
 27 **the distressed political subdivision:**

28 **(b) In reviewing a petition submitted under section 6 of this chapter,**
 29 **the board:**

- 30 **(1) shall consider:**
 31 **(A) the proposed financial plan;**
 32 **(B) comparisons to similarly situated political subdivisions;**
 33 **(C) the existing revenue and expenditures of political**
 34 **subdivisions in the county; and**
 35 **(D) any other factor considered relevant by the board; and**
 36 **(2) may establish subcommittees or temporarily appoint**
 37 **nonvoting members to the board to assist in the review:**

38 **SECTION 8. IC 6-1.1-20.3-7.5 IS ADDED TO THE INDIANA**
 39 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
 40 **[EFFECTIVE UPON PASSAGE]: Sec. 7.5. (a) This section does not**
 41 **apply to a school corporation designated as a distressed political**
 42 **subdivision.**



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1 (b) If the board designates a political subdivision as a distressed
2 political subdivision under section 6.5 of this chapter, the board
3 shall appoint an emergency manager for the distressed political
4 subdivision. An emergency manager serves at the pleasure of the
5 board.

6 (c) The chairperson of the board shall oversee the activities of
7 an emergency manager.

8 (d) The distressed political subdivision shall pay the emergency
9 manager's compensation and reimburse the emergency manager
10 for actual and necessary expenses.

11 SECTION 9. IC 6-1.1-20.3-8 IS REPEALED [EFFECTIVE UPON
12 PASSAGE]. Sec. 8: (a) The board may authorize relief as provided in
13 subsection (b) from the application of the credit under IC 6-1.1-20.6 for
14 a calendar year if the governing body of each political subdivision in
15 the county that is affected by the financial plan has adopted a resolution
16 agreeing to the terms of the financial plan:

17 (b) If the conditions of subsection (a) are satisfied, the board may,
18 notwithstanding IC 6-1.1-20.6, do any of the following:

19 (1) Increase the percentage thresholds (specified as a percentage
20 of gross assessed value) at which the credit under IC 6-1.1-20.6
21 applies to a person's property tax liability in the political
22 subdivision;

23 (2) Provide for percentage reductions to credits otherwise
24 provided under IC 6-1.1-20.6 in the political subdivision;

25 (3) Provide that some or all of the property taxes that:
26 (A) are being imposed to pay bonds, leases, or other debt
27 obligations; and
28 (B) would otherwise be included in the calculation of the
29 credit under IC 6-1.1-20.6 in the political subdivision;
30 shall not be included for purposes of calculating a person's credit
31 under IC 6-1.1-20.6.

32 (c) If the board provides relief described in subsection (b), the board
33 shall conduct audits and reviews as necessary to determine whether the
34 affected political subdivision is abiding by the terms of the financial
35 plan agreed to under subsection (a).

36 SECTION 10. IC 6-1.1-20.3-8.3 IS ADDED TO THE INDIANA
37 CODE AS A NEW SECTION TO READ AS FOLLOWS
38 [EFFECTIVE UPON PASSAGE]: Sec. 8.3. After the board receives
39 a petition concerning a school corporation under section 6(b) of
40 this chapter, the board shall review the school corporation's
41 request for a loan from the counter-cyclical revenue and economic
42 stabilization fund under IC 6-1.1-21.4-3(b). The board shall make

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1 a recommendation to the state board of finance regarding the loan
2 request. The board may consider whether a school corporation has
3 attempted to secure temporary cash flow loans from the Indiana
4 bond bank or a financial institution in making its recommendation.

5 SECTION 11. IC 6-1.1-20.3-8.5 IS ADDED TO THE INDIANA
6 CODE AS A NEW SECTION TO READ AS FOLLOWS
7 [EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) This section does not
8 apply to school corporations.

9 (b) Notwithstanding any other law, an emergency manager of
10 a distressed political subdivision appointed under section 7.5 of this
11 chapter shall do the following:

12 (1) Assume and exercise the authority and responsibilities of
13 both the executive and the fiscal body of the political
14 subdivision concerning the adoption, amendment, and
15 enforcement of ordinances and resolutions relating to or
16 affecting the fiscal stability of the political subdivision.
17 However, the emergency manager does not have the power to
18 impose taxes or fees in addition to the taxes or fees authorized
19 by the political subdivision before the political subdivision
20 was designated a distressed political subdivision.

21 (2) Review the political subdivision's budget.

22 (3) Review salaries of the political subdivision's employees.

23 (4) Conduct a financial and compliance audit of the internal
24 operations of the political subdivision.

25 (5) Develop a written financial plan in consultation with the
26 officials of the political subdivision not later than six (6)
27 months after appointment.

28 (6) Develop a plan for paying all the political subdivision's
29 outstanding obligations.

30 (7) Review existing labor contracts.

31 (8) Adopt a budget for the political subdivision for each
32 calendar or fiscal year, as applicable, that the political
33 subdivision remains a distressed political subdivision.

34 (9) Review payrolls and other claims against the political
35 subdivision before payment.

36 (10) Make, approve, or disapprove the following:

37 (A) A contract.

38 (B) An expenditure.

39 (C) A loan.

40 (D) The creation of any new position.

41 (E) The filling of any vacant position.

42 (11) Submit a written report to the board every three (3)

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1 months concerning:

2 (A) actions taken by the emergency manager;

3 (B) expenditures made by the distressed political
4 subdivision; and

5 (C) the work that has been done to remove the distressed
6 political subdivision from distressed status.

7 (12) Petition the board to terminate a political subdivision's
8 status as a distressed political subdivision when the conditions
9 found in section 6.5 of this chapter are no longer applicable to
10 the political subdivision.

11 (c) An emergency manager of a distressed political subdivision
12 appointed under section 7.5 of this chapter may do the following:

13 (1) Renegotiate existing labor contracts and act as an agent of
14 the political subdivision in collective bargaining.

15 (2) Reduce or suspend salaries of the political subdivision's
16 employees.

17 (3) Enter into agreements with other political subdivisions for
18 the provision of services.

19 (d) Except as provided in section 13(c) of this chapter, an
20 emergency manager of a distressed political subdivision retains the
21 powers and duties described in subsections (b) and (c) until:

22 (1) the emergency manager resigns or dies;

23 (2) the board removes the emergency manager; or

24 (3) the political subdivision's status as a distressed political
25 subdivision is terminated under section 13(b) of this chapter.

26 SECTION 12. IC 6-1.1-20.3-8.7 IS ADDED TO THE INDIANA
27 CODE AS A NEW SECTION TO READ AS FOLLOWS
28 [EFFECTIVE UPON PASSAGE]: Sec. 8.7. A school corporation that
29 is designated a distressed political subdivision may not do any of
30 the following without the approval of the board during the period
31 before the board terminates the school corporation's status as a
32 distressed political subdivision:

33 (1) Acquire real property for school building purposes.

34 (2) Construct new school buildings or remodel or renovate
35 existing school buildings.

36 (3) Incur a contractual obligation (except an employment
37 contract for a new employee whose employment replaces the
38 employment of a former employee) that requires an
39 expenditure of more than ten thousand dollars (\$10,000).

40 (4) Purchase or enter into an agreement to purchase personal
41 property at a cost of more than ten thousand dollars
42 (\$10,000).



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- 1 **(5) Adopt or advertise a budget, tax levy, or tax rate for an**
 2 **ensuing budget year.**
- 3 SECTION 13. IC 6-1.1-20.3-10, AS ADDED BY P.L.146-2008,
 4 SECTION 209, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE UPON PASSAGE]: Sec. 10. A distressed political
 6 subdivision may petition the tax court for judicial review of a ~~final~~
 7 determination of the board **under section 6.5 of this chapter**. The
 8 action must be taken to the tax court under IC 6-1.1-15 in the same
 9 manner that an action is taken to appeal a final determination of the
 10 Indiana board of tax review. The petition must be filed in the tax court
 11 not more than forty-five (45) days after the board enters its final
 12 determination.
- 13 SECTION 14. IC 6-1.1-20.3-13 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE UPON PASSAGE]: **Sec. 13. (a) If:**
- 16 **(1) an emergency manager of a distressed political subdivision**
 17 **that is not a school corporation;**
 18 **(2) the fiscal body and executive of the political subdivision**
 19 **jointly; or**
 20 **(3) the governing body of a school corporation that:**
 21 **(A) employs a new superintendent; or**
 22 **(B) has a new member elected or appointed to its**
 23 **governing body;**
 24 **during the time the school corporation is a distressed political**
 25 **subdivision;**
 26 **files a petition with the board for termination of the political**
 27 **subdivision's status as a distressed political subdivision, the board**
 28 **shall conduct a public hearing on the question of whether to**
 29 **terminate the political subdivision's status as a distressed political**
 30 **subdivision.**
- 31 **(b) The board shall terminate the political subdivision's status**
 32 **as a distressed political subdivision if the board finds that the**
 33 **conditions found in section 6.5 of this chapter are no longer**
 34 **applicable to the political subdivision.**
- 35 **(c) Notwithstanding any other section of this chapter, not later**
 36 **than ninety (90) days after taking office, a new executive of a**
 37 **distressed political subdivision may petition the board for**
 38 **suspension of the political subdivision's distressed status. The**
 39 **executive must include in its petition a written plan to resolve the**
 40 **applicable issues described in section 6.5 of this chapter. If the**
 41 **board approves the executive's written plan, the board may**
 42 **suspend the political subdivision's distressed status for one**

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1 hundred eighty (180) days. Suspension under this chapter
 2 terminates automatically upon expiration of the one hundred
 3 eighty (180) day period. The board may consider a petition to
 4 terminate the political subdivision's distressed status during a
 5 period of suspension.

6 SECTION 15. IC 6-1.1-21.4-0.5 IS ADDED TO THE INDIANA
 7 CODE AS A NEW SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. As used in this chapter,
 9 "ADM" refers to a school corporation's average daily membership
 10 as determined under IC 20-43-4-2.

11 SECTION 16. IC 6-1.1-21.4-2, AS ADDED BY P.L.131-2008,
 12 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 UPON PASSAGE]: Sec. 2. As used in this chapter, "eligible school
 14 corporation" refers to **either of the following**:

15 (1) A school corporation located in a county in which
 16 distributions of property tax revenue for 2007 or 2008 to the
 17 taxing units (as defined in IC 6-1.1-1-21) of the county:

18 (1) (A) have not been made; or

19 (2) (B) were delayed by more than sixty (60) days after either
 20 due date specified in IC 6-1.1-22-9.

21 (2) A school corporation that is:

22 (A) designated by the distressed unit appeal board as a
 23 distressed political subdivision under IC 6-1.1-20.3; or

24 (B) approved for a loan by the distressed unit appeal board
 25 under IC 6-1.1-20.3-8.3.

26 SECTION 17. IC 6-1.1-21.4-3, AS ADDED BY P.L.131-2008,
 27 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 UPON PASSAGE]: Sec. 3. (a) An eligible school corporation may
 29 apply to the board for a loan from the counter-cyclical revenue and
 30 economic stabilization fund.

31 (b) Subject to subsections (c) and (d) and section 3.5 of this
 32 chapter, an eligible school corporation described in section 2(2) of
 33 this chapter may apply to the board for a loan. The maximum
 34 amount of a loan that the board may approve for the eligible school
 35 corporation is the lesser of the following:

36 (1) Five million dollars (\$5,000,000).

37 (2) The product of:

38 (A) one thousand dollars (\$1,000); multiplied by

39 (B) the school corporation's 2012 ADM.

40 (c) At the time the distressed unit appeal board designates a
 41 school corporation as a distressed political subdivision under
 42 IC 6-1.1-20.3 or recommends under IC 6-1.1-20.3-8.3 that a loan

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1 from the fund be approved for a school corporation, the distressed
2 unit appeal board may also recommend to the state board of
3 finance that a loan from the fund to the school corporation be
4 contingent upon any of the following:

- 5 (1) The sale of specified unused property by the school board.
- 6 (2) The school corporation modifying one (1) or more
- 7 specified contracts entered into by the school corporation.

8 (d) In making a loan from the fund to a school corporation, the
9 state board of finance may make the loan contingent upon any
10 condition recommended by the distressed unit appeal board under
11 subsection (c).

12 SECTION 18. IC 6-1.1-21.4-3.5 IS ADDED TO THE INDIANA
13 CODE AS A NEW SECTION TO READ AS FOLLOWS
14 [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. The board may not**
15 **approve a loan under this chapter after December 31, 2017.**

16 SECTION 19. IC 6-1.1-21.4-4, AS ADDED BY P.L.131-2008,
17 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 UPON PASSAGE]: Sec. 4. (a) The board, after review by the budget
19 committee, shall determine the terms of any loan made under this
20 chapter. However, the interest rate on the loan may not exceed one is
21 the interest rate established by the commissioner of the department
22 of state revenue under IC 6-8.1-10-1 minus two percent (2%).
23 percent (1%).

24 (b) The total amount of all loans under this chapter for all calendar
25 years may not exceed the following:

- 26 (1) Six million dollars (\$6,000,000) for all calendar years
- 27 ending before January 1, 2012.
- 28 (2) The sum of the amounts approved under section 3(b) of
- 29 this chapter for all calendar years beginning after December
- 30 31, 2011, plus the outstanding balance of all loans that were
- 31 made under this chapter before 2012.

32 (c) An eligible school corporation receiving a loan under this
33 chapter must repay the loan within seventy-two (72) months after the
34 date on which the loan is made.

35 (d) The board may disburse in installments the proceeds of a loan
36 made under this chapter.

37 (e) An eligible school corporation may repay a loan made under this
38 chapter from any sources of revenue.

39 (f) The obligation to repay a loan made under this chapter is not a
40 basis for an eligible school corporation to obtain an excessive tax levy
41 under IC 6-1.1-19.

42 (g) Whenever the board receives a payment on a loan made under

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1 this chapter, the board shall deposit the amount paid in the
2 counter-cyclical revenue and economic stabilization fund.

3 SECTION 20. IC 6-1.1-21.4-6, AS ADDED BY P.L.131-2008,
4 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 UPON PASSAGE]: Sec. 6. A loan under this chapter is not bonded
6 indebtedness for purposes of IC 6-1.1-18.5 or IC 6-1.1-20.

7 SECTION 21. IC 6-1.1-21.4-7 IS ADDED TO THE INDIANA
8 CODE AS A NEW SECTION TO READ AS FOLLOWS
9 [EFFECTIVE UPON PASSAGE]: **Sec. 7. Upon the failure of a school
10 corporation to repay any of the school corporation's obligations
11 under this chapter during a calendar year when due, the treasurer
12 of state, upon being notified of the failure by the board, shall pay
13 the unpaid obligations that are due from money in the possession
14 of the state that would otherwise be available for distribution to the
15 school corporation under any other law, deducting the payment
16 from the amount distributed. However, the treasurer of state may
17 not impair the rights of the school corporation's bondholders.**

18 SECTION 22. IC 20-26-5-4, AS AMENDED BY P.L.90-2011,
19 SECTION 11, AND AS AMENDED BY P.L.200-2011, SECTION 1,
20 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
21 [EFFECTIVE UPON PASSAGE]: Sec. 4. In carrying out the school
22 purposes of a school corporation, the governing body acting on the
23 school corporation's behalf has the following specific powers:

24 (1) In the name of the school corporation, to sue and be sued and
25 to enter into contracts in matters permitted by applicable law.
26 However, a governing body may not use funds received from the
27 state to bring or join in an action against the state, unless the
28 governing body is challenging an adverse decision by a state
29 agency, board, or commission.

30 (2) To take charge of, manage, and conduct the educational affairs
31 of the school corporation and to establish, locate, and provide the
32 necessary schools, school libraries, other libraries where
33 permitted by law, other buildings, facilities, property, and
34 equipment.

35 (3) To appropriate from the school corporation's general fund an
36 amount, not to exceed the greater of three thousand dollars
37 (\$3,000) per budget year or one dollar (\$1) per pupil, not to
38 exceed twelve thousand five hundred dollars (\$12,500), based on
39 the school corporation's previous year's ADM, to promote the best
40 interests of the school corporation through:

41 (A) the purchase of meals, decorations, memorabilia, or
42 awards;

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- 1 (B) provision for expenses incurred in interviewing job
- 2 applicants; or
- 3 (C) developing relations with other governmental units.
- 4 (4) To:
- 5 (A) Acquire, construct, erect, maintain, hold, and contract for
- 6 construction, erection, or maintenance of real estate, real estate
- 7 improvements, or an interest in real estate or real estate
- 8 improvements, as the governing body considers necessary for
- 9 school purposes, including buildings, parts of buildings,
- 10 additions to buildings, rooms, gymnasiums, auditoriums,
- 11 playgrounds, playing and athletic fields, facilities for physical
- 12 training, buildings for administrative, office, warehouse, repair
- 13 activities, or housing school owned buses, landscaping, walks,
- 14 drives, parking areas, roadways, easements and facilities for
- 15 power, sewer, water, roadway, access, storm and surface
- 16 water, drinking water, gas, electricity, other utilities and
- 17 similar purposes, by purchase, either outright for cash (or
- 18 under conditional sales or purchase money contracts providing
- 19 for a retention of a security interest by the seller until payment
- 20 is made or by notes where the contract, security retention, or
- 21 note is permitted by applicable law), by exchange, by gift, by
- 22 devise, by eminent domain, by lease with or without option to
- 23 purchase, or by lease under IC 20-47-2, IC 20-47-3, or
- 24 IC 20-47-5.
- 25 (B) Repair, remodel, remove, or demolish, or to contract for
- 26 the repair, remodeling, removal, or demolition of the real
- 27 estate, real estate improvements, or interest in the real estate
- 28 or real estate improvements, as the governing body considers
- 29 necessary for school purposes.
- 30 (C) Provide for conservation measures through utility
- 31 efficiency programs or under a guaranteed savings contract as
- 32 described in IC 36-1-12.5.
- 33 (5) To acquire personal property or an interest in personal
- 34 property as the governing body considers necessary for school
- 35 purposes, including buses, motor vehicles, equipment, apparatus,
- 36 appliances, books, furniture, and supplies, either by cash purchase
- 37 or under conditional sales or purchase money contracts providing
- 38 for a security interest by the seller until payment is made or by
- 39 notes where the contract, security, retention, or note is permitted
- 40 by applicable law, by gift, by devise, by loan, or by lease with or
- 41 without option to purchase and to repair, remodel, remove,
- 42 relocate, and demolish the personal property. All purchases and

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1 contracts specified under the powers authorized under subdivision
2 (4) and this subdivision are subject solely to applicable law
3 relating to purchases and contracting by municipal corporations
4 in general and to the supervisory control of state agencies as
5 provided in section 6 of this chapter.

6 (6) To sell or exchange real or personal property or interest in real
7 or personal property that, in the opinion of the governing body, is
8 not necessary for school purposes, in accordance with IC 20-26-7,
9 to demolish or otherwise dispose of the property if, in the opinion
10 of the governing body, the property is not necessary for school
11 purposes and is worthless, and to pay the expenses for the
12 demolition or disposition.

13 (7) To lease any school property for a rental that the governing
14 body considers reasonable or to permit the free use of school
15 property for:

- 16 (A) civic or public purposes; or
- 17 (B) the operation of a school age child care program for
- 18 children who are at least five (5) years of age and less than
- 19 fifteen (15) years of age that operates before or after the school
- 20 day, or both, and during periods when school is not in session;
- 21 if the property is not needed for school purposes. Under this
- 22 subdivision, the governing body may enter into a long term lease
- 23 with a nonprofit corporation, community service organization, or
- 24 other governmental entity, if the corporation, organization, or
- 25 other governmental entity will use the property to be leased for
- 26 civic or public purposes or for a school age child care program.
- 27 However, if payment for the property subject to a long term lease
- 28 is made from money in the school corporation's debt service fund,
- 29 all proceeds from the long term lease must be deposited in the
- 30 school corporation's debt service fund so long as payment for the
- 31 property has not been made. The governing body may, at the
- 32 governing body's option, use the procedure specified in
- 33 IC 36-1-11-10 in leasing property under this subdivision.

- 34 (8) To:
- 35 (A) Employ, contract for, and discharge superintendents,
- 36 supervisors, principals, teachers, librarians, athletic coaches
- 37 (whether or not they are otherwise employed by the school
- 38 corporation and whether or not they are licensed under
- 39 IC 20-28-5), business managers, superintendents of buildings
- 40 and grounds, janitors, engineers, architects, physicians,
- 41 dentists, nurses, accountants, teacher aides performing
- 42 noninstructional duties, educational and other professional

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consultants, data processing and computer service for school purposes, including the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and other personnel or services as the governing body considers necessary for school purposes.

(B) Fix and pay the salaries and compensation of persons and services described in this subdivision *that are consistent with IC 20-28-9-1.*

(C) Classify persons or services described in this subdivision and to adopt schedules of salaries or compensation *that are consistent with IC 20-28-9-1.*

(D) Determine the number of the persons or the amount of the services employed or contracted for as provided in this subdivision.

(E) Determine the nature and extent of the duties of the persons described in this subdivision.

The compensation, terms of employment, and discharge of teachers are, however, subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers are subject to and governed by laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of the school corporation must be submitted to the state board of accounts for approval so that the services are used by the school corporation when the governing body determines that it is in the best interest of the school corporation while at the same time providing reasonable accountability for the funds expended.

(9) Notwithstanding the appropriation limitation in subdivision (3), when the governing body by resolution considers a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit the employee to be absent in connection with the trip without any loss in pay and to reimburse the employee or the member the employee's or member's reasonable lodging and meal expenses and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips

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- 1 or activities.
- 2 (10) **Subject to IC 20-27-13**, to transport children to and from
3 school, when in the opinion of the governing body the
4 transportation is necessary, including considerations for the safety
5 of the children and without regard to the distance the children live
6 from the school. The transportation must be otherwise in
7 accordance with applicable law.
- 8 (11) To provide a lunch program for a part or all of the students
9 attending the schools of the school corporation, including the
10 establishment of kitchens, kitchen facilities, kitchen equipment,
11 lunch rooms, the hiring of the necessary personnel to operate the
12 lunch program, and the purchase of material and supplies for the
13 lunch program, charging students for the operational costs of the
14 lunch program, fixing the price per meal or per food item. To
15 operate the lunch program as an extracurricular activity, subject
16 to the supervision of the governing body. To participate in a
17 surplus commodity or lunch aid program.
- 18 (12) To purchase textbooks, to furnish textbooks without cost or
19 to rent textbooks to students, to participate in a textbook aid
20 program, all in accordance with applicable law.
- 21 (13) To accept students transferred from other school corporations
22 and to transfer students to other school corporations in accordance
23 with applicable law.
- 24 (14) To make budgets, to appropriate funds, and to disburse the
25 money of the school corporation in accordance with applicable
26 law. To borrow money against current tax collections and
27 otherwise to borrow money, in accordance with IC 20-48-1.
- 28 (15) To purchase insurance or to establish and maintain a
29 program of self-insurance relating to the liability of the school
30 corporation or the school corporation's employees in connection
31 with motor vehicles or property and for additional coverage to the
32 extent permitted and in accordance with IC 34-13-3-20. To
33 purchase additional insurance or to establish and maintain a
34 program of self-insurance protecting the school corporation and
35 members of the governing body, employees, contractors, or agents
36 of the school corporation from liability, risk, accident, or loss
37 related to school property, school contract, school or school
38 related activity, including the purchase of insurance or the
39 establishment and maintenance of a self-insurance program
40 protecting persons described in this subdivision against false
41 imprisonment, false arrest, libel, or slander for acts committed in
42 the course of the persons' employment, protecting the school

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1 corporation for fire and extended coverage and other casualty
 2 risks to the extent of replacement cost, loss of use, and other
 3 insurable risks relating to property owned, leased, or held by the
 4 school corporation. *In accordance with IC 20-26-17*, to:

5 (A) participate in a state employee health plan under
 6 IC 5-10-8-6.6 or IC 5-10-8-6.7;

7 (B) purchase insurance; or

8 (C) establish and maintain a program of self-insurance;
 9 to benefit school corporation employees, including accident,
 10 sickness, health, or dental coverage, provided that a plan of
 11 self-insurance must include an aggregate stop-loss provision.

12 (16) To make all applications, to enter into all contracts, and to
 13 sign all documents necessary for the receipt of aid, money, or
 14 property from the state, the federal government, or from any other
 15 source.

16 (17) To defend a member of the governing body or any employee
 17 of the school corporation in any suit arising out of the
 18 performance of the member's or employee's duties for or
 19 employment with, the school corporation, if the governing body
 20 by resolution determined that the action was taken in good faith.
 21 To save any member or employee harmless from any liability,
 22 cost, or damage in connection with the performance, including the
 23 payment of legal fees, except where the liability, cost, or damage
 24 is predicated on or arises out of the bad faith of the member or
 25 employee, or is a claim or judgment based on the member's or
 26 employee's malfeasance in office or employment.

27 (18) To prepare, make, enforce, amend, or repeal rules,
 28 regulations, and procedures:

29 (A) for the government and management of the schools,
 30 property, facilities, and activities of the school corporation, the
 31 school corporation's agents, employees, and pupils and for the
 32 operation of the governing body; and

33 (B) that may be designated by an appropriate title such as
 34 "policy handbook", "bylaws", or "rules and regulations".

35 (19) To ratify and approve any action taken by a member of the
 36 governing body, an officer of the governing body, or an employee
 37 of the school corporation after the action is taken, if the action
 38 could have been approved in advance, and in connection with the
 39 action to pay the expense or compensation permitted under
 40 IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
 41 IC 20-48-1 or any other law.

42 (20) To exercise any other power and make any expenditure in

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1 carrying out the governing body's general powers and purposes
 2 provided in this chapter or in carrying out the powers delineated
 3 in this section which is reasonable from a business or educational
 4 standpoint in carrying out school purposes of the school
 5 corporation, including the acquisition of property or the
 6 employment or contracting for services, even though the power or
 7 expenditure is not specifically set out in this chapter. The specific
 8 powers set out in this section do not limit the general grant of
 9 powers provided in this chapter except where a limitation is set
 10 out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12,
 11 and IC 20-48-1 by specific language or by reference to other law.

12 SECTION 23. IC 20-27-13 IS ADDED TO THE INDIANA CODE
 13 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]:

15 **Chapter 13. Termination of Transportation; Waiver**

16 **Sec. 1. As used in this chapter, "eligible student" means an**
 17 **individual who in any part of a school year:**

- 18 (1) is enrolled in a school corporation;
 19 (2) has legal settlement in the school corporation;
 20 (3) attended school in the school corporation's taxing district;
 21 and
 22 (4) is not required by federal or state law to receive
 23 transportation services to and from school.

24 **Sec. 2. This chapter applies to a school corporation that carried**
 25 **out a general program in at least one (1) school year beginning**
 26 **after June 30, 2010, to provide transportation to and from school**
 27 **for eligible students.**

28 **Sec. 3. Except as provided in section 7 of this chapter, a school**
 29 **corporation described in section 2 of this chapter shall carry out a**
 30 **program to provide transportation to and from school for all**
 31 **eligible students in any part of a school year beginning after June**
 32 **30, 2012, unless the governing body of the school corporation:**

- 33 (1) approves the termination of the transportation program;
 34 and
 35 (2) provides public notice of the date after which the
 36 transportation will no longer be provided under the
 37 transportation program;

38 at least three (3) years before the date after which the
 39 transportation will no longer be provided under the transportation
 40 program.

41 **Sec. 4. Transportation provided in a transportation program**
 42 **required under section 3 of this chapter may be limited by the**

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1 school corporation's governing body to children residing a
 2 minimum distance from a school if the governing body includes
 3 facts in the resolution setting the minimum distance that
 4 demonstrate that each child residing less than the minimum
 5 distance from the school can safely walk to and from the school
 6 unattended by an adult during the regular hours that the child
 7 would ordinarily be coming to or from the school.

8 **Sec. 5.** Transportation provided under a transportation
 9 program required under section 3 of this chapter may be limited
 10 by the school corporation's governing body to providing
 11 transportation to school immediately before the beginning of an
 12 instructional day (as described in IC 20-30-2-2) and from school
 13 immediately after the end of an instructional day (as described in
 14 IC 20-30-2-2) without additional accommodations for participation
 15 in extracurricular activities.

16 **Sec. 6.** Transportation provided under a transportation
 17 program required under section 3 of this chapter must be
 18 otherwise in accordance with applicable law.

19 **Sec. 7. (a)** A school corporation may petition the department in
 20 writing to waive the requirement imposed by section 3 of this
 21 chapter.

22 **(b)** A petition under subsection (a) must:

- 23 (1) demonstrate that the waiver request was approved by the
- 24 governing body for the school corporation;
- 25 (2) describe the transportation services that will be provided
- 26 to students who are required by federal or state law to receive
- 27 transportation services to and from school;
- 28 (3) present a written plan that provides for the safe movement
- 29 of eligible students to and from school; and
- 30 (4) include any other information required by the department.

31 **Sec. 8.** If a petition complies with section 7 of this chapter, the
 32 department shall conduct a public hearing on the petition in the
 33 district served by the school corporation after giving notice of the
 34 public hearing under IC 5-3-1.

35 **Sec. 9.** If, based on the information contained in the petition and
 36 provided in the public hearing or otherwise made available to the
 37 department, the department determines that the plan presented by
 38 the school corporation, with or without revisions required by the
 39 department:

- 40 (1) will protect the safety of eligible students enrolled in the
- 41 school corporation; and
- 42 (2) is otherwise in accordance with applicable law;



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1 the department may waive the requirements imposed by section 3
2 of this chapter.

3 **Sec. 10. The department may condition a waiver under section**
4 **9 of this chapter on the terms and conditions specified by the**
5 **department. If a school corporation fails to comply with a term or**
6 **condition of a waiver or the department discovers facts that**
7 **indicate that the school corporation's plan:**

8 **(1) is not protecting the safety of eligible students enrolled in**
9 **the school corporation; or**

10 **(2) is not otherwise in accordance with applicable law;**

11 **the department may issue an order under IC 4-21.5-3 or an**
12 **emergency or temporary order under IC 4-21.5-4 specifying the**
13 **actions that must be taken by the school corporation to correct the**
14 **deficiency. The order may suspend or terminate the waiver**
15 **granted under section 9 of this chapter beginning on the date**
16 **specified by the department.**

17 SECTION 24. IC 20-40-2-4, AS ADDED BY P.L.2-2006,
18 SECTION 163, IS AMENDED TO READ AS FOLLOWS
19 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Except as provided by
20 **subsection (b) or any other law**, any lawful school expenses payable
21 from any other fund of a school corporation, including debt service and
22 capital outlay, **but excluding costs attributable to transportation (as**
23 **defined in IC 20-40-6-1)**, may be budgeted in and paid from the fund.

24 **(b) Before January 1, 2018, costs attributable to transportation**
25 **(as defined in IC 20-40-6-1) may be budgeted in and paid from the**
26 **fund. After December 31, 2017, costs attributable to transportation**
27 **(as defined in IC 20-40-6-1) may not be budgeted in and paid from**
28 **the fund.**

29 SECTION 25. IC 20-40-6-5, AS AMENDED BY P.L.234-2007,
30 SECTION 229, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Subject to this chapter
32 **and except as provided in IC 20-40-2-4(b)**, the fund is the exclusive
33 fund to be used by a school corporation for the payment of costs
34 attributable to transportation.

35 (b) Contracted transportation service costs transferred to the school
36 bus replacement fund under IC 20-40-7 are payable from the school
37 bus replacement fund.

38 SECTION 26. IC 20-46-5-4, AS AMENDED BY P.L.172-2011,
39 SECTION 123, IS AMENDED TO READ AS FOLLOWS
40 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each school corporation
41 may levy for a calendar year a property tax for the fund in accordance
42 with the school bus acquisition plan adopted under this chapter. The



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1 levy imposed for the March 1, 2011, and January 15, 2012, assessment
 2 dates may not exceed the amount approved by the department of local
 3 government finance under section 5 of this chapter and IC 6-1.1-17. In
 4 setting the levy for the March 1, 2011, and January 15, 2012,
 5 assessment dates, the department of local government finance shall
 6 evaluate whether the levy proposed by a school corporation exceeds the
 7 reasonable needs of the school corporation to carry out the purposes of
 8 the fund and approve a levy that does not exceed the reasonable needs
 9 of the school corporation to carry out the purposes of this chapter. In
 10 making its determination, the department of local government finance
 11 may consider whether a school corporation has in a previous year
 12 transferred money from the fund to the school corporation's rainy day
 13 fund or a fund other than the school bus replacement fund. **Except as**
 14 **provided in subsection (b),** a levy imposed for an assessment date
 15 after January 15, 2012, may not exceed an amount determined by
 16 multiplying:

- 17 (1) the school corporation's maximum permissible levy
 18 determined under this section for the previous year, after
 19 eliminating the effects of temporary excessive levy appeals and
 20 any other temporary adjustments made to the levy for the calendar
 21 year (regardless of whether the school corporation imposed the
 22 entire amount of the maximum permissible levy in the
 23 immediately preceding year); by
- 24 (2) the assessed value growth quotient determined under
 25 IC 6-1.1-18.5-2.

26 **(b) The department of local government finance may, upon**
 27 **petition by a school corporation, adjust the school corporation's**
 28 **levy for the fund to reflect the school corporation's plan adopted**
 29 **or amended under this chapter.**

30 SECTION 27. IC 20-48-1-2, AS AMENDED BY P.L.1-2010,
 31 SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 UPON PASSAGE]: Sec. 2. (a) As used in this section, "retirement or
 33 severance liability" means the payments anticipated to be required to
 34 be made to employees of a school corporation upon or after termination
 35 of the employment of the employees by the school corporation under
 36 an existing or previous employment agreement.

37 (b) This section applies to each school corporation that:

- 38 (1) did not issue bonds under IC 20-5-4-1.7 before its repeal; or
- 39 (2) issued bonds under IC 20-5-4-1.7 (repealed):
 - 40 (A) before April 14, 2003; or
 - 41 (B) after April 13, 2003, if an order approving the issuance of
 42 the bonds was issued by the department of local government



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- 1 finance before April 14, 2003.
- 2 (c) In addition to the purposes set forth in section 1 of this chapter,
 3 a school corporation described in subsection (b) may issue bonds to
 4 implement solutions to contractual retirement or severance liability.
 5 The issuance of bonds for this purpose is subject to the following
 6 conditions:
- 7 (1) The school corporation may issue bonds under this section
 8 only one (1) time.
- 9 (2) A school corporation described in subsection (b)(1) or
 10 (b)(2)(A) must issue the bonds before July 1, 2006.
- 11 (3) The solution to which the bonds are contributing must be
 12 reasonably expected to reduce the school corporation's unfunded
 13 contractual liability for retirement or severance payments as it
 14 existed on June 30, 2001.
- 15 (4) The amount of the bonds that may be issued for the purpose
 16 described in this section may not exceed:
- 17 (A) two percent (2%) of the true tax value of property in the
 18 school corporation, for a school corporation that did not issue
 19 bonds under IC 20-5-4-1.7 (before its repeal); or
 20 (B) the remainder of:
- 21 (i) two percent (2%) of the true tax value of property in the
 22 school corporation as of the date that the school corporation
 23 issued bonds under IC 20-5-4-1.7 (before its repeal); minus
 24 (ii) the amount of bonds that the school corporation issued
 25 under IC 20-5-4-1.7 (before its repeal);
 26 for a school corporation that issued bonds under IC 20-5-4-1.7
 27 (repealed) as described in subsection (b)(2).
- 28 (5) Each year that a debt service levy is needed under this section,
 29 the school corporation shall reduce the total property tax levy for
 30 the school corporation's transportation, school bus replacement,
 31 capital projects, and art association and historical society funds,
 32 as appropriate, in an amount equal to:
- 33 (A) the property tax levy needed for the debt service under this
 34 section; **multiplied by**
 35 **(B) the adjustment percentage set forth in subsection (f) or**
 36 **(g), as applicable.**
- 37 The property tax rate for each of these funds shall be reduced
 38 each year until the bonds are retired.
- 39 (6) The school corporation shall establish a separate debt service
 40 fund for repayment of the bonds issued under this section.
- 41 (d) Bonds issued for the purpose described in this section shall be
 42 issued in the same manner as other bonds of the school corporation.

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1 (e) Bonds issued under this section are not subject to the petition
2 and remonstrance process under IC 6-1.1-20 or to the limitations
3 contained in IC 36-1-15.
4 (f) **This subsection applies only if the governing body of a school
5 corporation adopts a resolution specifying that the adjustment
6 percentages under this subsection apply to the school corporation.
7 The adjustment percentage under this subsection is the following:**
8 (1) **For property taxes first due and payable in 2013,
9 twenty-five percent (25%).**
10 (2) **For property taxes first due and payable in 2014, fifty
11 percent (50%).**
12 (3) **For property taxes first due and payable in 2015,
13 seventy-five percent (75%).**
14 (4) **For property taxes first due and payable after 2015, one
15 hundred percent (100%).**
16 (g) **If the governing body of a school corporation does not adopt
17 a resolution specifying that the adjustment percentages under
18 subsection (f) apply to the school corporation, the adjustment
19 percentage is one hundred percent (100%).**
20 SECTION 28. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1192, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

- Page 2, line 2, delete "may" and insert "**must**".
- Page 2, line 8, delete "five (5)" and insert "**ten (10)**".
- Page 2, line 13, delete "five (5)" and insert "**ten (10)**".
- Page 3, line 34, delete "A deduction under this section must".
- Page 3, delete lines 35 through 42.
- Delete page 4.

and when so amended that said bill do pass.

(Reference is to HB 1192 as introduced.)

ESPICH, Chair

Committee Vote: yeas 21, nays 0.

 COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred House Bill No. 1192, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Replace the effective dates in SECTIONS 1 through 7 with "[EFFECTIVE UPON PASSAGE]".

Page 1, after the enacting clause and before line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-1-5-2.5, AS ADDED BY P.L.229-2011, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.5. (a) As used in this section, "eligible school corporation" means a school corporation (as defined in IC 36-1-2-17) that satisfies all the conditions required by this section.

(b) As used in this section, "increment" means the annual difference between:

- (1) the annual debt service payment for the bonds proposed to be retired or refunded; and
- (2) the annual debt service payment for the proposed refunding bonds;

for each year that the bonds that are being retired or refunded would

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have been outstanding.

(c) In order for a school corporation to be an eligible school corporation under this section, the school corporation must determine that the percentage computed under this subsection for the school corporation is **at least twenty percent (20%) before January 1, 2018, or at least thirty percent (30%) after December 31, 2017**, regarding the year for which the latest certified levies have been determined. A school corporation shall compute its percentage as follows:

(1) Compute the amount of credits granted under IC 6-1.1-20.6 against the school corporation's combined levy for the school corporation's:

- (A) debt service fund, as described in IC 20-46-7-15;
- (B) capital projects fund;
- (C) transportation fund;
- (D) school bus replacement fund; and
- (E) racial balance fund.

(2) Compute the school corporation's combined levy for the school corporation's:

- (A) capital projects fund;
- (B) transportation fund;
- (C) school bus replacement fund; and
- (D) racial balance fund.

(3) Divide the amount computed under subdivision (1) by the amount computed under subdivision (2) and express it as a percentage.

A school corporation that desires to be an eligible school corporation under this section must submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage computed under this subsection is correct. The department of local government finance shall, not later than thirty (30) days after the date the department receives the school corporation's request, certify the percentage computed under this subsection for the school corporation.

(d) A school corporation that desires to be an eligible school corporation under this section must satisfy the following conditions:

(1) The school corporation shall conduct a public hearing and provide notice of the time, date, and place of the hearing, published as required by IC 5-3-1, before the school corporation may adopt ~~an ordinance~~ **a resolution** under this section. At the public hearing, the governing body must provide the following information:

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(A) The annual debt service payments, applicable debt service tax rate, and total debt service payments for the bonds proposed to be retired or refunded.

(B) The annual debt service payments, applicable debt service fund tax rate, and total debt service payments for the proposed refunding bonds.

(C) The annual increment for each year that the bonds that are being retired or refunded would have been outstanding and any other benefits to be derived from issuing the refunding bonds.

(2) The requirements of this subdivision do not apply to a school corporation that adopts a resolution under subsection (e) before January 1, 2018, and that has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. If the amount determined under subsection (c)(3) is:

(A) more than forty-five percent (45%), notwithstanding IC 6-1.1-20-3.1(a) and IC 6-1.1-20-3.2(a), the school corporation shall use the petition and remonstrance process prescribed by IC 6-1.1-20-3.1(b) and IC 6-1.1-20-3.2(b) and more individuals must sign the petition for the bond refunding under this section than the number of individuals signing a remonstrance against the bond refunding; or

(B) **at least twenty percent (20%) before January 1, 2018, or at least thirty percent (30%) after December 31, 2017,** but not more than forty-five percent (45%), the school corporation shall conduct a referendum on a public question regarding the bond refunding using the process for a referendum tax levy under IC 20-46-1 and the bond refunding must be approved by the eligible voters of the school corporation. The question to be submitted to the voters in the referendum must read as follows:

"Shall _____ (insert the name of the school corporation) issue refunding bonds to refund not more than fifty percent (50%) of its outstanding bonds to provide an annual savings to the school's debt service fund that can be transferred from the school's debt service fund to the school's capital projects fund, transportation fund, or school bus replacement fund?"

Except as provided in subdivision (2)(A), IC 6-1.1-20 does not apply to bonds issued under this section.

(e) A school corporation that desires to be an eligible school corporation under this section must, before July 1, 2013, and

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notwithstanding any other law, adopt ~~an ordinance~~ **a resolution** that sets forth the following:

- (1) The determinations made under subsection (c), **including the department of local government finance's certification of the percentage computed under subsection (c).**
- (2) **The requirements of this subdivision do not apply to a resolution adopted under this subsection before January 1, 2018, if the school corporation has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance.** The result of the petition remonstrance process under subsection (d)(2)(A) or the result of the vote on the public question under subsection (d)(2)(B), whichever applies.
- (3) A determination providing for the:
 - (A) issuance of bonds to refund not more than fifty percent (50%) of outstanding bonds or leases issued by or on behalf of the school corporation; and
 - (B) payment of redemption premiums and the costs of the refunding.
- (4) With respect to the refunding bonds, the following:
 - (A) The maximum principal amount.
 - (B) The maximum interest rate.
 - (C) The annual lease or debt service payment.
 - (D) The final maturity date.
 - (E) The estimated amount of the increment that will occur for each year that the bonds that are being retired or refunded by the issuance of refunding bonds would have been outstanding.
 - (F) A finding that the annual debt service or lease payment on the refunding bonds will not increase the annual debt service or lease payment above the annual debt service or lease payment approved by the school corporation for the original project.

If the governing body adopts ~~an ordinance~~ **a resolution** under this section, the governing body must publish notice of the adoption of ~~the ordinance~~ **the resolution** as required by IC 5-3-1.

(f) An eligible school corporation may issue refunding bonds as permitted by this section. In addition, an eligible school corporation may extend the repayment period beyond the repayment period for the bonds that are being retired or refunded by the issuance of refunding bonds. However, the repayment period may be extended only once for a particular bond, and the extension may not exceed ten (10) years.

(g) Property taxes imposed by an eligible school corporation to pay

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debt service for bonds permitted by this section shall be considered for purposes of calculating the limits to property tax liability under Article 10, Section 1 of the Constitution of the State of Indiana and for calculating a person's credit under IC 6-1.1-20.6-7.5. However, property taxes imposed by an eligible school corporation through December 31, 2019, to pay debt service for bonds permitted by this section may not be considered in an eligible county, as used in Article 10, Section 1(h) of the Constitution of the State of Indiana, for purposes of calculating the limits to property tax liability under Article 10, Section 1 of the Constitution of the State of Indiana or for calculating a person's credit under IC 6-1.1-20.6-7.5.

SECTION 2. IC 5-10-8-6.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.8. (a) This section applies to a school corporation that results from the consolidation, reorganization, or merger, after May 1, 2012, of:**

- (1) a school corporation that has elected to provide coverage of health care services for active and retired employees of the school corporation under a state employee health plan; and**
- (2) a school corporation that has not elected to provide coverage of health care services for active and retired employees of the school corporation under a state employee health plan.**

(b) A school corporation that results from a consolidation, reorganization, or merger described in subsection (a) must allow an individual for whom the school corporation described in subsection (a)(1) had (as of the effective date of the consolidation, reorganization, or merger) health insurance liability under a state employee health plan to continue the individual's coverage under the state employee health plan for at least five (5) years.

(c) This SECTION expires January 1, 2018.

SECTION 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.** As used in this chapter, "distressed political subdivision" means a political subdivision that expects to have the political subdivision's property tax collections reduced by at least five percent (5%) in a calendar year as a result of the application of the credit under IC 6-1.1-20.6 for that calendar year: **designated as a distressed political subdivision by the board under section 6.5 of this chapter.**

SECTION 4. IC 6-1.1-20.3-4, AS AMENDED BY P.L.146-2008, SECTION 203, IS AMENDED TO READ AS FOLLOWS



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[EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The distressed unit appeal board is established.

(b) The distressed unit appeal board consists of the following members:

(1) The director of the office of management and budget or the director's designee. The director or the director's designee shall serve as chairperson of the distressed unit appeal board.

(2) The commissioner of the department of local government finance or the commissioner's designee.

~~(3) The commissioner of the department of state revenue or the commissioner's designee.~~

~~(4)~~ **(3)** The state examiner of the state board of accounts or the state examiner's designee.

(5) The following members appointed by the governor:

(A) One ~~(1)~~ member appointed from nominees submitted by the Indiana Association of Cities and Towns:

(B) One ~~(1)~~ member appointed from nominees submitted by the Association of Indiana Counties:

(C) One ~~(1)~~ member appointed from nominees submitted by the Indiana Association of School Superintendents:

A member nominated and appointed under this subdivision must be an elected official of a political subdivision.

(6) One ~~(1)~~ member appointed by the governor (in addition to members appointed under subdivision (5)):

(7) One ~~(1)~~ member appointed by the speaker of the house of representatives. A member appointed under this subdivision serves a term of four ~~(4)~~ years.

(4) The state superintendent of public instruction or the superintendent's designee.

(5) An individual appointed by the chairman of the legislative council.

~~(c)~~ The members appointed under subsection (b)(5) and subsection (b)(6) serve at the pleasure of the governor:

~~(d)~~ **(c)** Each member of the commission is entitled to reimbursement for:

(1) traveling expenses as provided under IC 4-13-1-4; and

(2) other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

SECTION 5. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008, SECTION 205, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, The fiscal body **and the executive** of a distressed political subdivision may petition the board for relief as authorized under this chapter from the application of the credit under IC 6-1.1-20.6 for a calendar year: **political subdivision may jointly file a petition with the board seeking to have the political subdivision designated as a distressed political subdivision under this chapter.**

(b) A petition under subsection (a) must include a proposed financial plan for the distressed political subdivision. The proposed financial plan must include the following:

- (1) Proposed budgets that would enable the distressed political subdivision to cease being a distressed political subdivision.
- (2) Proposed efficiencies, consolidations, cost reductions, uses of alternative or additional revenues, or other actions that would enable the distressed political subdivision to cease being a distressed political subdivision.
- (3) Proposed increases, if any, in the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 will apply, including any varying percentages for different classes of property.
- (4) Proposed reductions, if any, to the credits under IC 6-1.1-20.6 (by percentages), including any varying percentage reductions for different classes of property.

(b) **The governing body and the superintendent of a school corporation may jointly file a petition with the board seeking relief under section 8.3 of this chapter.**

(c) The board may adopt procedures governing the timing and required content of a petition under subsection (a).

SECTION 6. IC 6-1.1-20.3-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.5. (a) After the board receives a petition concerning a political subdivision under section 6(a) of this chapter, the board may designate the political subdivision as a distressed political subdivision if at least one (1) of the following conditions applies to the political subdivision:**

- (1) The political subdivision has defaulted in payment of principal or interest on any of its bonds or notes.
- (2) The political subdivision has failed to make required payments to payroll employees for thirty (30) days or two (2) consecutive payrolls.
- (3) The political subdivision has failed to make required



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payments to judgment creditors for sixty (60) days beyond the date of the recording of the judgment.

(4) The political subdivision, for at least thirty (30) days beyond the due date, has failed to do any of the following:

- (A) Forward taxes withheld on the incomes of employees.
- (B) Transfer employer or employee contributions due under the Federal Insurance Contributions Act (FICA).
- (C) Deposit the political subdivision's minimum obligation payment to a pension fund.

(5) The political subdivision has accumulated a deficit equal to eight percent (8%) or more of the political subdivision's revenues. For purposes of this subdivision, "deficit" means a negative fund balance calculated as a percentage of revenues at the end of a budget year for any governmental or proprietary fund. The calculation must be presented on an accrual basis according to generally accepted accounting principles.

(6) The political subdivision has sought to negotiate a resolution or an adjustment of claims that in the aggregate:

- (A) exceed thirty percent (30%) of the political subdivision's anticipated annual revenues; and
- (B) are ninety (90) days or more past due.

(7) The political subdivision has carried over interfund loans for the benefit of the same fund at the end of two (2) successive years.

(8) The political subdivision has been severely affected, as determined by the board, as a result of granting the property tax credits under IC 6-1.1-20.6.

(9) In addition to the conditions listed in subdivisions (1) through (8), and in the case of a school corporation, the board may also designate a school corporation as a distressed political subdivision if at least one (1) of the following conditions applies:

- (A) The school corporation has:
 - (i) issued refunding bonds under IC 5-1-5-2.5; or
 - (ii) adopted a resolution under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(e).
- (B) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the highest ten (10) among all school corporations.

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(C) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the highest ten (10) among all school corporations.

(D) The amount of homestead assessed valuation in the school corporation for calendar year 2011 was at least sixty percent (60%) of the total amount of assessed valuation in the school corporation for calendar year 2011.

The board may consider whether a political subdivision has fully exercised all the local options available to the political subdivision, such as a local option income tax or a local option income tax rate increase or, in the case of a school corporation, an operating referendum.

(b) If the board designates a political subdivision as distressed under subsection (a), the board shall review the designation annually to determine if the distressed political subdivision meets at least one (1) of the conditions listed in subsection (a).

(c) If the board designates a political subdivision as a distressed political subdivision under subsection (a), the board shall immediately notify:

- (1) the treasurer of state; and
- (2) the county auditor and county treasurer of each county in which the distressed political subdivision is wholly or partially located;

that the board has designated the political subdivision as a distressed political subdivision.

SECTION 7. IC 6-1.1-20.3-7 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 7: (a) If the fiscal body of a distressed political subdivision submits a petition under section 6 of this chapter, the board shall review the petition and assist in establishing a financial plan for the distressed political subdivision:

(b) In reviewing a petition submitted under section 6 of this chapter, the board:

- (1) shall consider:
 - (A) the proposed financial plan;
 - (B) comparisons to similarly situated political subdivisions;
 - (C) the existing revenue and expenditures of political subdivisions in the county; and
 - (D) any other factor considered relevant by the board; and
- (2) may establish subcommittees or temporarily appoint nonvoting members to the board to assist in the review:



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SECTION 8. IC 6-1.1-20.3-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7.5. (a) This section does not apply to a school corporation designated as a distressed political subdivision.**

(b) If the board designates a political subdivision as a distressed political subdivision under section 6.5 of this chapter, the board shall appoint an emergency manager for the distressed political subdivision. An emergency manager serves at the pleasure of the board.

(c) The chairperson of the board shall oversee the activities of an emergency manager.

(d) The distressed political subdivision shall pay the emergency manager's compensation and reimburse the emergency manager for actual and necessary expenses.

SECTION 9. IC 6-1.1-20.3-8 IS REPEALED [EFFECTIVE UPON PASSAGE]. **Sec. 8: (a) The board may authorize relief as provided in subsection (b) from the application of the credit under IC 6-1.1-20.6 for a calendar year if the governing body of each political subdivision in the county that is affected by the financial plan has adopted a resolution agreeing to the terms of the financial plan:**

(b) If the conditions of subsection (a) are satisfied, the board may, notwithstanding IC 6-1.1-20.6, do any of the following:

(1) Increase the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 applies to a person's property tax liability in the political subdivision:

(2) Provide for percentage reductions to credits otherwise provided under IC 6-1.1-20.6 in the political subdivision:

(3) Provide that some or all of the property taxes that:

(A) are being imposed to pay bonds, leases, or other debt obligations; and

(B) would otherwise be included in the calculation of the credit under IC 6-1.1-20.6 in the political subdivision;

shall not be included for purposes of calculating a person's credit under IC 6-1.1-20.6.

(c) If the board provides relief described in subsection (b), the board shall conduct audits and reviews as necessary to determine whether the affected political subdivision is abiding by the terms of the financial plan agreed to under subsection (a):

SECTION 10. IC 6-1.1-20.3-8.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: **Sec. 8.3.** After the board receives a petition concerning a school corporation under section 6(b) of this chapter, the board shall review the school corporation's request for a loan from the counter-cyclical revenue and economic stabilization fund under IC 6-1.1-21.4-3(b). The board shall make a recommendation to the state board of finance regarding the loan request. The board may consider whether a school corporation has attempted to secure temporary cash flow loans from the Indiana bond bank or a financial institution in making its recommendation.

SECTION 11. IC 6-1.1-20.3-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.5.** (a) This section does not apply to school corporations.

(b) Notwithstanding any other law, an emergency manager of a distressed political subdivision appointed under section 7.5 of this chapter shall do the following:

- (1) Assume and exercise the authority and responsibilities of both the executive and the fiscal body of the political subdivision concerning the adoption, amendment, and enforcement of ordinances and resolutions relating to or affecting the fiscal stability of the political subdivision. However, the emergency manager does not have the power to impose taxes or fees in addition to the taxes or fees authorized by the political subdivision before the political subdivision was designated a distressed political subdivision.
- (2) Review the political subdivision's budget.
- (3) Review salaries of the political subdivision's employees.
- (4) Conduct a financial and compliance audit of the internal operations of the political subdivision.
- (5) Develop a written financial plan in consultation with the officials of the political subdivision not later than six (6) months after appointment.
- (6) Develop a plan for paying all the political subdivision's outstanding obligations.
- (7) Review existing labor contracts.
- (8) Adopt a budget for the political subdivision for each calendar or fiscal year, as applicable, that the political subdivision remains a distressed political subdivision.
- (9) Review payrolls and other claims against the political subdivision before payment.
- (10) Make, approve, or disapprove the following:
 - (A) A contract.



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- (B) An expenditure.
 - (C) A loan.
 - (D) The creation of any new position.
 - (E) The filling of any vacant position.
- (11) Submit a written report to the board every three (3) months concerning:
- (A) actions taken by the emergency manager;
 - (B) expenditures made by the distressed political subdivision; and
 - (C) the work that has been done to remove the distressed political subdivision from distressed status.
- (12) Petition the board to terminate a political subdivision's status as a distressed political subdivision when the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision.
- (c) An emergency manager of a distressed political subdivision appointed under section 7.5 of this chapter may do the following:
- (1) Renegotiate existing labor contracts and act as an agent of the political subdivision in collective bargaining.
 - (2) Reduce or suspend salaries of the political subdivision's employees.
 - (3) Enter into agreements with other political subdivisions for the provision of services.
- (d) Except as provided in section 13(c) of this chapter, an emergency manager of a distressed political subdivision retains the powers and duties described in subsections (b) and (c) until:
- (1) the emergency manager resigns or dies;
 - (2) the board removes the emergency manager; or
 - (3) the political subdivision's status as a distressed political subdivision is terminated under section 13(b) of this chapter.
- SECTION 12. IC 6-1.1-20.3-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.7. A school corporation that is designated a distressed political subdivision may not do any of the following without the approval of the board during the period before the board terminates the school corporation's status as a distressed political subdivision:
- (1) Acquire real property for school building purposes.
 - (2) Construct new school buildings or remodel or renovate existing school buildings.
 - (3) Incur a contractual obligation (except an employment contract for a new employee whose employment replaces the

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employment of a former employee) that requires an expenditure of more than ten thousand dollars (\$10,000).

(4) Purchase or enter into an agreement to purchase personal property at a cost of more than ten thousand dollars (\$10,000).

(5) Adopt or advertise a budget, tax levy, or tax rate for an ensuing budget year.

SECTION 13. IC 6-1.1-20.3-10, AS ADDED BY P.L.146-2008, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. A distressed political subdivision may petition the tax court for judicial review of a ~~final~~ determination of the board **under section 6.5 of this chapter**. The action must be taken to the tax court under IC 6-1.1-15 in the same manner that an action is taken to appeal a final determination of the Indiana board of tax review. The petition must be filed in the tax court not more than forty-five (45) days after the board enters its final determination.

SECTION 14. IC 6-1.1-20.3-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13. (a) If:**

(1) an emergency manager of a distressed political subdivision that is not a school corporation;

(2) the fiscal body and executive of the political subdivision jointly; or

(3) the governing body of a school corporation that:

(A) employs a new superintendent; or

(B) has a new member elected or appointed to its governing body;

during the time the school corporation is a distressed political subdivision;

files a petition with the board for termination of the political subdivision's status as a distressed political subdivision, the board shall conduct a public hearing on the question of whether to terminate the political subdivision's status as a distressed political subdivision.

(b) The board shall terminate the political subdivision's status as a distressed political subdivision if the board finds that the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision.

(c) Notwithstanding any other section of this chapter, not later than ninety (90) days after taking office, a new executive of a distressed political subdivision may petition the board for

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suspension of the political subdivision's distressed status. The executive must include in its petition a written plan to resolve the applicable issues described in section 6.5 of this chapter. If the board approves the executive's written plan, the board may suspend the political subdivision's distressed status for one hundred eighty (180) days. Suspension under this chapter terminates automatically upon expiration of the one hundred eighty (180) day period. The board may consider a petition to terminate the political subdivision's distressed status during a period of suspension."

Page 1, line 16, delete "meets the following criteria:" and insert "is:
(A) designated by the distressed unit appeal board as a distressed political subdivision under IC 6-1.1-20.3; or
(B) approved for a loan by the distressed unit appeal board under IC 6-1.1-20.3-8.3."

Page 1, delete line 17.

Page 2, delete lines 1 through 18.

Page 2, line 24, after "to" insert "**subsections (c) and (d) and**".

Page 2, line 26, after "loan" delete "for the 2012-2013 school year." and insert ".".

Page 2, between lines 32 and 33, begin a new paragraph and insert:

"(c) At the time the distressed unit appeal board designates a school corporation as a distressed political subdivision under IC 6-1.1-20.3 or recommends under IC 6-1.1-20.3-8.3 that a loan from the fund be approved for a school corporation, the distressed unit appeal board may also recommend to the state board of finance that a loan from the fund to the school corporation be contingent upon any of the following:

- (1) The sale of specified unused property by the school board.**
- (2) The school corporation modifying one (1) or more specified contracts entered into by the school corporation.**

(d) In making a loan from the fund to a school corporation, the state board of finance may make the loan contingent upon any condition recommended by the distressed unit appeal board under subsection (c)."

Page 2, line 36, delete "2012." and insert "**2017**".

Page 2, line 41, strike "may not exceed one" and insert "**is the interest rate established by the commissioner of the department of state revenue under IC 6-8.1-10-1 minus two percent (2%)**".

Page 2, strike line 42.

Page 3, line 7, after "2011" delete "." and insert "**, plus the outstanding balance of all loans that were made under this chapter**

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before 2012."

Page 3, line 34, after "distributed." insert "**However, the treasurer of state may not impair the rights of the school corporation's bondholders.**".

Page 3, after line 34, begin a new paragraph and insert:

"SECTION 21. IC 20-26-5-4, AS AMENDED BY P.L.90-2011, SECTION 11, AND AS AMENDED BY P.L.200-2011, SECTION 1, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law. However, a governing body may not use funds received from the state to bring or join in an action against the state, unless the governing body is challenging an adverse decision by a state agency, board, or commission.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment.

(3) To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(4) To:

(A) Acquire, construct, erect, maintain, hold, and contract for construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate improvements, as the governing body considers necessary for school purposes, including buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair

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activities, or housing school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchase money contracts providing for a retention of a security interest by the seller until payment is made or by notes where the contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 20-47-2, IC 20-47-3, or IC 20-47-5.

(B) Repair, remodel, remove, or demolish, or to contract for the repair, remodeling, removal, or demolition of the real estate, real estate improvements, or interest in the real estate or real estate improvements, as the governing body considers necessary for school purposes.

(C) Provide for conservation measures through utility efficiency programs or under a guaranteed savings contract as described in IC 36-1-12.5.

(5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish the personal property. All purchases and contracts specified under the powers authorized under subdivision (4) and this subdivision are subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of state agencies as provided in section 6 of this chapter.

(6) To sell or exchange real or personal property or interest in real or personal property that, in the opinion of the governing body, is not necessary for school purposes, in accordance with IC 20-26-7, to demolish or otherwise dispose of the property if, in the opinion of the governing body, the property is not necessary for school purposes and is worthless, and to pay the expenses for the demolition or disposition.

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(7) To lease any school property for a rental that the governing body considers reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children who are at least five (5) years of age and less than fifteen (15) years of age that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if payment for the property subject to a long term lease is made from money in the school corporation's debt service fund, all proceeds from the long term lease must be deposited in the school corporation's debt service fund so long as payment for the property has not been made. The governing body may, at the governing body's option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(8) To:

(A) Employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-28-5), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and other personnel or services as the governing body considers necessary for school purposes.

(B) Fix and pay the salaries and compensation of persons and services described in this subdivision *that are consistent with IC 20-28-9-1.*

(C) Classify persons or services described in this subdivision and to adopt schedules of salaries or compensation *that are*

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consistent with IC 20-28-9-1.

(D) Determine the number of the persons or the amount of the services employed or contracted for as provided in this subdivision.

(E) Determine the nature and extent of the duties of the persons described in this subdivision.

The compensation, terms of employment, and discharge of teachers are, however, subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers are subject to and governed by laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of the school corporation must be submitted to the state board of accounts for approval so that the services are used by the school corporation when the governing body determines that it is in the best interest of the school corporation while at the same time providing reasonable accountability for the funds expended.

(9) Notwithstanding the appropriation limitation in subdivision (3), when the governing body by resolution considers a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit the employee to be absent in connection with the trip without any loss in pay and to reimburse the employee or the member the employee's or member's reasonable lodging and meal expenses and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(10) **Subject to IC 20-27-13**, to transport children to and from school, when in the opinion of the governing body the transportation is necessary, including considerations for the safety of the children and without regard to the distance the children live from the school. The transportation must be otherwise in accordance with applicable law.

(11) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate the lunch program, and the purchase of material and supplies for the

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lunch program, charging students for the operational costs of the lunch program, fixing the price per meal or per food item. To operate the lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in a surplus commodity or lunch aid program.

(12) To purchase textbooks, to furnish textbooks without cost or to rent textbooks to students, to participate in a textbook aid program, all in accordance with applicable law.

(13) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(14) To make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with applicable law. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-48-1.

(15) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or the school corporation's employees in connection with motor vehicles or property and for additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from liability, risk, accident, or loss related to school property, school contract, school or school related activity, including the purchase of insurance or the establishment and maintenance of a self-insurance program protecting persons described in this subdivision against false imprisonment, false arrest, libel, or slander for acts committed in the course of the persons' employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to property owned, leased, or held by the school corporation. *In accordance with IC 20-26-17, to:*

(A) participate in a state employee health plan under IC 5-10-8-6.6 or IC 5-10-8-6.7;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance; to benefit school corporation employees, including accident, sickness, health, or dental coverage, provided that a plan of self-insurance must include an aggregate stop-loss provision.

(16) To make all applications, to enter into all contracts, and to

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sign all documents necessary for the receipt of aid, money, or property from the state, the federal government, or from any other source.

(17) To defend a member of the governing body or any employee of the school corporation in any suit arising out of the performance of the member's or employee's duties for or employment with, the school corporation, if the governing body by resolution determined that the action was taken in good faith. To save any member or employee harmless from any liability, cost, or damage in connection with the performance, including the payment of legal fees, except where the liability, cost, or damage is predicated on or arises out of the bad faith of the member or employee, or is a claim or judgment based on the member's or employee's malfeasance in office or employment.

(18) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures:

(A) for the government and management of the schools, property, facilities, and activities of the school corporation, the school corporation's agents, employees, and pupils and for the operation of the governing body; and

(B) that may be designated by an appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(19) To ratify and approve any action taken by a member of the governing body, an officer of the governing body, or an employee of the school corporation after the action is taken, if the action could have been approved in advance, and in connection with the action to pay the expense or compensation permitted under IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 or any other law.

(20) To exercise any other power and make any expenditure in carrying out the governing body's general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including the acquisition of property or the employment or contracting for services, even though the power or expenditure is not specifically set out in this chapter. The specific powers set out in this section do not limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 by specific language or by reference to other law.

SECTION 22. IC 20-27-13 IS ADDED TO THE INDIANA CODE

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AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 13. Termination of Transportation; Waiver

Sec. 1. As used in this chapter, "eligible student" means an individual who in any part of a school year:

- (1) is enrolled in a school corporation;**
- (2) has legal settlement in the school corporation;**
- (3) attended school in the school corporation's taxing district;**
- and**
- (4) is not required by federal or state law to receive transportation services to and from school.**

Sec. 2. This chapter applies to a school corporation that carried out a general program in at least one (1) school year beginning after June 30, 2010, to provide transportation to and from school for eligible students.

Sec. 3. Except as provided in section 7 of this chapter, a school corporation described in section 2 of this chapter shall carry out a program to provide transportation to and from school for all eligible students in any part of a school year beginning after June 30, 2012, unless the governing body of the school corporation:

- (1) approves the termination of the transportation program;**
- and**
- (2) provides public notice of the date after which the transportation will no longer be provided under the transportation program;**

at least three (3) years before the date after which the transportation will no longer be provided under the transportation program.

Sec. 4. Transportation provided in a transportation program required under section 3 of this chapter may be limited by the school corporation's governing body to children residing a minimum distance from a school if the governing body includes facts in the resolution setting the minimum distance that demonstrate that each child residing less than the minimum distance from the school can safely walk to and from the school unattended by an adult during the regular hours that the child would ordinarily be coming to or from the school.

Sec. 5. Transportation provided under a transportation program required under section 3 of this chapter may be limited by the school corporation's governing body to providing transportation to school immediately before the beginning of an instructional day (as described in IC 20-30-2-2) and from school

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immediately after the end of an instructional day (as described in IC 20-30-2-2) without additional accommodations for participation in extracurricular activities.

Sec. 6. Transportation provided under a transportation program required under section 3 of this chapter must be otherwise in accordance with applicable law.

Sec. 7. (a) A school corporation may petition the department in writing to waive the requirement imposed by section 3 of this chapter.

(b) A petition under subsection (a) must:

- (1)** demonstrate that the waiver request was approved by the governing body for the school corporation;
- (2)** describe the transportation services that will be provided to students who are required by federal or state law to receive transportation services to and from school;
- (3)** present a written plan that provides for the safe movement of eligible students to and from school; and
- (4)** include any other information required by the department.

Sec. 8. If a petition complies with section 7 of this chapter, the department shall conduct a public hearing on the petition in the district served by the school corporation after giving notice of the public hearing under IC 5-3-1.

Sec. 9. If, based on the information contained in the petition and provided in the public hearing or otherwise made available to the department, the department determines that the plan presented by the school corporation, with or without revisions required by the department:

- (1)** will protect the safety of eligible students enrolled in the school corporation; and
- (2)** is otherwise in accordance with applicable law;

the department may waive the requirements imposed by section 3 of this chapter.

Sec. 10. The department may condition a waiver under section 9 of this chapter on the terms and conditions specified by the department. If a school corporation fails to comply with a term or condition of a waiver or the department discovers facts that indicate that the school corporation's plan:

- (1)** is not protecting the safety of eligible students enrolled in the school corporation; or
- (2)** is not otherwise in accordance with applicable law;

the department may issue an order under IC 4-21.5-3 or an emergency or temporary order under IC 4-21.5-4 specifying the

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actions that must be taken by the school corporation to correct the deficiency. The order may suspend or terminate the waiver granted under section 9 of this chapter beginning on the date specified by the department.

SECTION 23. IC 20-40-2-4, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Except as provided by **subsection (b) or any other law**, any lawful school expenses payable from any other fund of a school corporation, including debt service and capital outlay, **but excluding costs attributable to transportation (as defined in IC 20-40-6-1)**, may be budgeted in and paid from the fund.

(b) Before January 1, 2018, costs attributable to transportation (as defined in IC 20-40-6-1) may be budgeted in and paid from the fund. After December 31, 2017, costs attributable to transportation (as defined in IC 20-40-6-1) may not be budgeted in and paid from the fund.

SECTION 24. IC 20-40-6-5, AS AMENDED BY P.L.234-2007, SECTION 229, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Subject to this chapter **and except as provided in IC 20-40-2-4(b)**, the fund is the exclusive fund to be used by a school corporation for the payment of costs attributable to transportation.

(b) Contracted transportation service costs transferred to the school bus replacement fund under IC 20-40-7 are payable from the school bus replacement fund.

SECTION 25. IC 20-46-5-4, AS AMENDED BY P.L.172-2011, SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each school corporation may levy for a calendar year a property tax for the fund in accordance with the school bus acquisition plan adopted under this chapter. The levy imposed for the March 1, 2011, and January 15, 2012, assessment dates may not exceed the amount approved by the department of local government finance under section 5 of this chapter and IC 6-1.1-17. In setting the levy for the March 1, 2011, and January 15, 2012, assessment dates, the department of local government finance shall evaluate whether the levy proposed by a school corporation exceeds the reasonable needs of the school corporation to carry out the purposes of the fund and approve a levy that does not exceed the reasonable needs of the school corporation to carry out the purposes of this chapter. In making its determination, the department of local government finance may consider whether a school corporation has in a previous year transferred money from the fund to the school corporation's rainy day



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fund or a fund other than the school bus replacement fund. **Except as provided in subsection (b)**, a levy imposed for an assessment date after January 15, 2012, may not exceed an amount determined by multiplying:

- (1) the school corporation's maximum permissible levy determined under this section for the previous year, after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year (regardless of whether the school corporation imposed the entire amount of the maximum permissible levy in the immediately preceding year); by
- (2) the assessed value growth quotient determined under IC 6-1.1-18.5-2.

(b) The department of local government finance may, upon petition by a school corporation, adjust the school corporation's levy for the fund to reflect the school corporation's plan adopted or amended under this chapter.

SECTION 26. IC 20-48-1-2, AS AMENDED BY P.L.1-2010, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) As used in this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement.

(b) This section applies to each school corporation that:

- (1) did not issue bonds under IC 20-5-4-1.7 before its repeal; or
- (2) issued bonds under IC 20-5-4-1.7 (repealed):
 - (A) before April 14, 2003; or
 - (B) after April 13, 2003, if an order approving the issuance of the bonds was issued by the department of local government finance before April 14, 2003.

(c) In addition to the purposes set forth in section 1 of this chapter, a school corporation described in subsection (b) may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions:

- (1) The school corporation may issue bonds under this section only one (1) time.
- (2) A school corporation described in subsection (b)(1) or (b)(2)(A) must issue the bonds before July 1, 2006.
- (3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded

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contractual liability for retirement or severance payments as it existed on June 30, 2001.

(4) The amount of the bonds that may be issued for the purpose described in this section may not exceed:

(A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-5-4-1.7 (before its repeal); or

(B) the remainder of:

(i) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7 (before its repeal); minus

(ii) the amount of bonds that the school corporation issued under IC 20-5-4-1.7 (before its repeal);

for a school corporation that issued bonds under IC 20-5-4-1.7 (repealed) as described in subsection (b)(2).

(5) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, and art association and historical society funds, as appropriate, in an amount equal to:

(A) the property tax levy needed for the debt service under this section; **multiplied by**

(B) the adjustment percentage set forth in subsection (f) or (g), as applicable.

The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(6) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section.

(d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

(f) This subsection applies only if the governing body of a school corporation adopts a resolution specifying that the adjustment percentages under this subsection apply to the school corporation. The adjustment percentage under this subsection is the following:

(1) For property taxes first due and payable in 2013, twenty-five percent (25%).

(2) For property taxes first due and payable in 2014, fifty percent (50%).

(3) For property taxes first due and payable in 2015,

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seventy-five percent (75%).

(4) For property taxes first due and payable after 2015, one hundred percent (100%).

(g) If the governing body of a school corporation does not adopt a resolution specifying that the adjustment percentages under subsection (f) apply to the school corporation, the adjustment percentage is one hundred percent (100%).

SECTION 27. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1192 as printed January 25, 2012.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 0.

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