



January 27, 2012

SENATE BILL No. 226

DIGEST OF SB 226 (Updated January 26, 2012 9:55 am - DI 58)

Citations Affected: IC 4-12; IC 5-1; IC 6-1.1; IC 20-26; IC 20-27; IC 20-40; IC 20-46; noncode.

Synopsis: School corporation financial management. Removes until January 1, 2016, 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 of at least 30% may restructure its debt. Provides that before January 1, 2016, costs attributable to transportation may be budgeted in and paid from a school corporation's general fund. Reduces the number of members on the distressed unit appeal board (board) to five members: (1) the director of the office of management and budget; (2) the commissioner of the department of local government finance; (3) the state examiner of the state board of accounts; (4) the superintendent of public instruction; and (5) an individual appointed by the chair of the legislative council. Allows a school corporation to petition the board to have the school corporation designated as a distressed school corporation. Provides that if the board receives such a petition, the board may designate the school corporation as a distressed school corporation if any of the following conditions are satisfied: (1) The school corporation has issued refunding bonds under the statute that allows a school corporation with a circuit breaker tax credits impact of at least 30% to restructure its debt (or has adopted the ordinance necessary to initiate the refunding process). (2) The school corporation has had two successive general fund referenda fail. (3) The school

(Continued next page)

Effective: Upon passage; July 1, 2012.

**Miller, Charbonneau, Lanane, Gard,
Merritt, Broden, Rogers**

January 4, 2012, read first time and referred to Committee on Appropriations.
January 26, 2012, amended, reported favorably — Do Pass.

SB 226—LS 6674/DI 51+



C
O
P
Y

corporation has been severely affected, as determined by the board, as a result of the granting of circuit breaker tax credits. Allows the board to authorize a loan to a distressed school corporation from the distressed school fund. Establishes the distressed school fund. Provides that a loan from the distressed school fund is subject to review by the state budget committee and approval by the budget agency. Provides that the budget agency may not make such a loan after December 31, 2015. Appropriates \$10,000,000 from the state general fund to the distressed school fund. Provides that the amounts appropriated may be used by the budget agency only for the purposes of making loans authorized from the distressed school fund. 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 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. Specifies that in addition to the amount that a school corporation may levy for a year under the school corporation's school bus replacement fund maximum levy, the school corporation may also levy an additional amount for 2013, 2014, and 2015 equal to a percentage of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

C
O
P
Y



January 27, 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.

C
O
P
Y

SENATE BILL No. 226

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

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

- 1 SECTION 1. IC 4-12-15 IS ADDED TO THE INDIANA CODE AS
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
3 PASSAGE]:
4 **Chapter 15. Distressed School Fund**
5 **Sec. 1. As used in this chapter, "board" refers to the distressed**
6 **unit appeals board established by IC 6-1.1-20.3-4.**
7 **Sec. 2. As used in this chapter, "distressed school corporation"**
8 **refers to a school corporation designated as a distressed school**
9 **corporation by the board under IC 6-1.1-20.3-6.5.**
10 **Sec. 3. As used in this chapter, "fund" refers to the distressed**
11 **school fund established by section 4 of this chapter.**
12 **Sec. 4. The distressed school fund is established. The fund shall**
13 **be administered by the budget agency.**
14 **Sec. 5. (a) The fund consists of the following:**
15 **(1) appropriations made to the fund by the general assembly;**
16 **(2) grants, gifts, and donations intended for deposit in the**
17 **fund; and**

SB 226—LS 6674/DI 51+



- 1 (3) principal repaid to the fund from a loan granted under this
2 chapter.
- 3 (b) Money in the fund is appropriated for the purposes of the
4 fund.
- 5 Sec. 6. Expenses of administering the fund shall be paid from
6 money in the fund.
- 7 Sec. 7. The treasurer of state shall invest the money in the fund
8 not currently needed to meet the obligations of the fund in the same
9 manner as other public money may be invested. Interest that
10 accrues from these investments shall be deposited in the fund.
- 11 Sec. 8. (a) Except as provided in subsection (b), money in the
12 fund at the end of a fiscal year does not revert to the state general
13 fund.
- 14 (b) Money in the fund at the end of the state fiscal year ending
15 June 30, 2016, and at the end of each state fiscal year thereafter
16 reverts to the state general fund.
- 17 Sec. 9. The fund shall be used as a revolving fund to make loans
18 to school corporations that are designated by the board as
19 distressed school corporations.
- 20 Sec. 10. If the board authorizes under IC 6-1.1-20.3-6.5 a loan
21 from the fund to a distressed school corporation, the distressed
22 school corporation may apply for a loan in a form approved by the
23 budget agency. As part of the application, the school corporation
24 shall submit a plan for the distressed school corporation's use of
25 the loan proceeds and for the repayment of the loan. Within sixty
26 (60) days after receipt of each application, the budget agency shall,
27 after review by the budget committee, make a final determination
28 concerning the application.
- 29 Sec. 11. The budget agency shall establish procedures for
30 application to the fund for a loan.
- 31 Sec. 12. Subject to this chapter, the budget agency, after review
32 by the budget committee, may loan money to a distressed school
33 corporation on the terms established by the budget agency. The
34 budget agency may not make a loan under this chapter after
35 December 31, 2015.
- 36 Sec. 13. The budget agency may authorize a loan to a school
37 corporation that makes an application if:
- 38 (1) the applicant has been designated as a distressed school
39 corporation by the board;
- 40 (2) the board has authorized a loan to the school corporation
41 from the fund;
- 42 (3) the budget agency approves the accuracy and

C
O
P
Y

- 1 **completeness of the application;**
- 2 **(4) the budget agency determines that there is a need for the**
- 3 **loan;**
- 4 **(5) the budget agency determines that there is an adequate**
- 5 **method of repayment for the loan; and**
- 6 **(6) there is sufficient money in the fund to make the loan.**

7 **Sec. 14. The amount of a loan under this chapter may not exceed**
 8 **the amount of the loan recommended by the board.**

9 **Sec. 15. The following apply to a loan under this chapter:**

- 10 **(1) Interest must be charged on the loan, but the rate of**
- 11 **interest on the loan may not exceed a rate equal to the prime**
- 12 **rate minus one percent (1%).**
- 13 **(2) A distressed school corporation may repay the loan in**
- 14 **equal installments over a term specified by the budget agency,**
- 15 **but not more than ten (10) years.**
- 16 **(3) The outstanding balance of the loan may be prepaid**
- 17 **without penalty.**

18 **Sec. 16. In establishing the terms of a loan under this chapter,**
 19 **the budget agency shall consider the plan developed by the board**
 20 **and the distressed school corporation to move the distressed school**
 21 **corporation out of its distressed status.**

22 **Sec. 17. If a distressed school corporation fails to make a loan**
 23 **repayment under this chapter when due, the treasurer of state,**
 24 **upon being notified of the failure by the budget agency, shall pay**
 25 **the unpaid debt service obligations that are due from the funds of**
 26 **the state only to the extent of the amounts appropriated for the**
 27 **calendar year for distribution to the distressed school corporation**
 28 **from state funds, deducting the payment from the appropriated**
 29 **amounts. A deduction under this subsection must be made:**

- 30 **(1) first from all funds except state tuition support; and**
- 31 **(2) second from state tuition support.**

32 **Sec. 18. Money repaid on a loan under this chapter shall be**
 33 **deposited in the fund.**

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

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

- 41 **(1) the annual debt service payment for the bonds proposed to be**
 42 **retired or refunded; and**

C
o
p
y



- 1 (2) the annual debt service payment for the proposed refunding
 2 bonds;
 3 for each year that the bonds that are being retired or refunded would
 4 have been outstanding.
- 5 (c) In order for a school corporation to be an eligible school
 6 corporation under this section, the school corporation must determine
 7 that the percentage computed under this subsection for the school
 8 corporation is at least thirty percent (30%) regarding the year for which
 9 the latest certified levies have been determined. A school corporation
 10 shall compute its percentage as follows:
- 11 (1) Compute the amount of credits granted under IC 6-1.1-20.6
 12 against the school corporation's combined levy for the school
 13 corporation's:
- 14 (A) debt service fund, as described in IC 20-46-7-15;
 15 (B) capital projects fund;
 16 (C) transportation fund;
 17 (D) school bus replacement fund; and
 18 (E) racial balance fund.
- 19 (2) Compute the school corporation's combined levy for the
 20 school corporation's:
- 21 (A) capital projects fund;
 22 (B) transportation fund;
 23 (C) school bus replacement fund; and
 24 (D) racial balance fund.
- 25 (3) Divide the amount computed under subdivision (1) by the
 26 amount computed under subdivision (2) and express it as a
 27 percentage.
- 28 (d) A school corporation that desires to be an eligible school
 29 corporation under this section must satisfy the following conditions:
- 30 (1) The school corporation shall conduct a public hearing and
 31 provide notice of the time, date, and place of the hearing,
 32 published as required by IC 5-3-1, before the school corporation
 33 may adopt an ordinance under this section. At the public hearing,
 34 the governing body must provide the following information:
- 35 (A) The annual debt service payments, applicable debt service
 36 tax rate, and total debt service payments for the bonds
 37 proposed to be retired or refunded.
 38 (B) The annual debt service payments, applicable debt service
 39 fund tax rate, and total debt service payments for the proposed
 40 refunding bonds.
 41 (C) The annual increment for each year that the bonds that are
 42 being retired or refunded would have been outstanding and

C
O
P
Y

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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 an ordinance under subsection (e) before January 1, 2016. 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 thirty percent (30%) 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 that sets forth the following:

- (1) The determinations made under subsection (c).
- (2) The requirements of this subdivision do not apply to an ordinance adopted under this subdivision before January 1, 2016.** 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

C
o
p
y



- 1 (B) payment of redemption premiums and the costs of the
- 2 refunding.
- 3 (4) With respect to the refunding bonds, the following:
- 4 (A) The maximum principal amount.
- 5 (B) The maximum interest rate.
- 6 (C) The annual lease or debt service payment.
- 7 (D) The final maturity date.
- 8 (E) The estimated amount of the increment that will occur for
- 9 each year that the bonds that are being retired or refunded by
- 10 the issuance of refunding bonds would have been outstanding.
- 11 (F) A finding that the annual debt service or lease payment on
- 12 the refunding bonds will not increase the annual debt service
- 13 or lease payment above the annual debt service or lease
- 14 payment approved by the school corporation for the original
- 15 project.

16 If the governing body adopts an ordinance under this section, the
 17 governing body must publish notice of the adoption of the ordinance as
 18 required by IC 5-3-1.

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

25 (g) Property taxes imposed by an eligible school corporation to pay
 26 debt service for bonds permitted by this section shall be considered for
 27 purposes of calculating the limits to property tax liability under Article
 28 10, Section 1 of the Constitution of the State of Indiana and for
 29 calculating a person's credit under IC 6-1.1-20.6-7.5. However,
 30 property taxes imposed by an eligible school corporation through
 31 December 31, 2019, to pay debt service for bonds permitted by this
 32 section may not be considered in an eligible county, as used in Article
 33 10, Section 1(h) of the Constitution of the State of Indiana, for purposes
 34 of calculating the limits to property tax liability under Article 10,
 35 Section 1 of the Constitution of the State of Indiana or for calculating
 36 a person's credit under IC 6-1.1-20.6-7.5.

37 SECTION 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008,
 38 SECTION 202, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2012]: Sec. 2. As used in this chapter,
 40 "~~distressed political subdivision~~ **school corporation**" means a
 41 ~~political subdivision that expects to have the political subdivision's~~
 42 ~~property tax collections reduced by at least five percent (5%) in a~~

COPY



1 calendar year as a result of the application of the credit under
 2 ~~IC 6-1.1-20.6 for that calendar year. school corporation designated~~
 3 **as a distressed school corporation by the board under section 6.5**
 4 **of this chapter.**

5 SECTION 4. IC 6-1.1-20.3-4, AS AMENDED BY P.L.146-2008,
 6 SECTION 203, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) The distressed unit appeal
 8 board is established.

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

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

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

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

18 (4) ~~(3)~~ (3) The state examiner of the state board of accounts or the
 19 state examiner's designee.

20 (5) The following members appointed by the governor:

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

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

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

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

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

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

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

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

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

40 (d) (c) Each member of the commission is entitled to reimbursement
 41 for:

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



C
O
P
Y

(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 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the fiscal body 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. **The governing body of a school corporation may file a petition with the board seeking to have the school corporation designated as a distressed school corporation 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.

(c) (b) 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 JULY 1, 2012]: Sec. 6.5. (a) **After the board receives a petition concerning a school corporation under section 6 of this chapter, the board may designate the school corporation as a distressed school corporation if any of the following conditions are satisfied:**

(1) **The school corporation has:**

(A) issued refunding bonds under IC 5-1-5-2.5; or

(B) adopted an ordinance under IC 5-1-5-2.5 making the

C
o
p
y



1 determinations and including the information specified in
2 IC 5-1-5-2.5(e).
3 (2) The school corporation has had two (2) successive general
4 fund referenda fail.
5 (3) The school corporation has been severely affected, as
6 determined by the board, as a result of the granting of
7 property tax credits under IC 6-1.1-20.6.
8 (b) If the board designates a school corporation as a distressed
9 school corporation under subsection (a), the board shall
10 immediately notify:
11 (1) the school corporation; and
12 (2) the budget agency;
13 that the board has designated the school corporation as a
14 distressed political subdivision.
15 (c) The board may before January 1, 2016, authorize a loan to
16 the school corporation from the distressed school fund under
17 IC 4-12-15. If the board authorizes a loan to the school corporation
18 under this subsection, the board shall recommend to the state
19 budget committee and the budget agency:
20 (1) the term of the loan, not to exceed ten (10) years; and
21 (2) the rate of interest that will be charged on the loan.
22 Interest must be charged on a loan authorized under this
23 subsection, but the rate of interest on the loan may not exceed a
24 rate equal to the prime rate minus one percent (1%). A loan
25 authorized under this subsection is subject to review by the state
26 budget committee and approval by the budget agency under
27 IC 4-12-15.
28 SECTION 7. IC 6-1.1-20.3-7 IS REPEALED [EFFECTIVE JULY
29 1, 2012]. Sec. 7. (a) If the fiscal body of a distressed political
30 subdivision submits a petition under section 6 of this chapter, the board
31 shall review the petition and assist in establishing a financial plan for
32 the distressed political subdivision:
33 (b) In reviewing a petition submitted under section 6 of this chapter,
34 the board:
35 (+) shall consider:
36 (A) the proposed financial plan;
37 (B) comparisons to similarly situated political subdivisions;
38 (C) the existing revenue and expenditures of political
39 subdivisions in the county; and
40 (D) any other factor considered relevant by the board; and
41 (2) may establish subcommittees or temporarily appoint
42 nonvoting members to the board to assist in the review.

COPY



1 SECTION 8. IC 6-1.1-20.3-8 IS REPEALED [EFFECTIVE JULY
 2 1, 2012]. Sec. 8: (a) The board may authorize relief as provided in
 3 subsection (b) from the application of the credit under IC 6-1.1-20.6 for
 4 a calendar year if the governing body of each political subdivision in
 5 the county that is affected by the financial plan has adopted a resolution
 6 agreeing to the terms of the financial plan:

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

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

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

15 (3) Provide that some or all of the property taxes that:
 16 (A) are being imposed to pay bonds, leases, or other debt
 17 obligations; and
 18 (B) would otherwise be included in the calculation of the
 19 credit under IC 6-1.1-20.6 in the political subdivision;
 20 shall not be included for purposes of calculating a person's credit
 21 under IC 6-1.1-20.6:

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

26 SECTION 9. IC 6-1.1-20.3-10, AS ADDED BY P.L.146-2008,
 27 SECTION 209, IS AMENDED TO READ AS FOLLOWS
 28 [EFFECTIVE JULY 1, 2012]: Sec. 10. A distressed political
 29 subdivision **school corporation** may petition the tax court for judicial
 30 review of a final determination of the board **under section 6.5 of this**
 31 **chapter**. The action must be taken to the tax court under IC 6-1.1-15
 32 in the same manner that an action is taken to appeal a final
 33 determination of the Indiana board of tax review. The petition must be
 34 filed in the tax court not more than forty-five (45) days after the board
 35 enters its final determination.

36 SECTION 10. IC 20-26-5-4, AS AMENDED BY P.L.90-2011,
 37 SECTION 11, AND AS AMENDED BY P.L.200-2011, SECTION 1,
 38 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE UPON PASSAGE]: Sec. 4. In carrying out the school
 40 purposes of a school corporation, the governing body acting on the
 41 school corporation's behalf has the following specific powers:

42 (1) In the name of the school corporation, to sue and be sued and

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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 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.

C
o
p
y



- 1 (B) Repair, remodel, remove, or demolish, or to contract for
- 2 the repair, remodeling, removal, or demolition of the real
- 3 estate, real estate improvements, or interest in the real estate
- 4 or real estate improvements, as the governing body considers
- 5 necessary for school purposes.
- 6 (C) Provide for conservation measures through utility
- 7 efficiency programs or under a guaranteed savings contract as
- 8 described in IC 36-1-12.5.
- 9 (5) To acquire personal property or an interest in personal
- 10 property as the governing body considers necessary for school
- 11 purposes, including buses, motor vehicles, equipment, apparatus,
- 12 appliances, books, furniture, and supplies, either by cash purchase
- 13 or under conditional sales or purchase money contracts providing
- 14 for a security interest by the seller until payment is made or by
- 15 notes where the contract, security, retention, or note is permitted
- 16 by applicable law, by gift, by devise, by loan, or by lease with or
- 17 without option to purchase and to repair, remodel, remove,
- 18 relocate, and demolish the personal property. All purchases and
- 19 contracts specified under the powers authorized under subdivision
- 20 (4) and this subdivision are subject solely to applicable law
- 21 relating to purchases and contracting by municipal corporations
- 22 in general and to the supervisory control of state agencies as
- 23 provided in section 6 of this chapter.
- 24 (6) To sell or exchange real or personal property or interest in real
- 25 or personal property that, in the opinion of the governing body, is
- 26 not necessary for school purposes, in accordance with IC 20-26-7,
- 27 to demolish or otherwise dispose of the property if, in the opinion
- 28 of the governing body, the property is not necessary for school
- 29 purposes and is worthless, and to pay the expenses for the
- 30 demolition or disposition.
- 31 (7) To lease any school property for a rental that the governing
- 32 body considers reasonable or to permit the free use of school
- 33 property for:
- 34 (A) civic or public purposes; or
- 35 (B) the operation of a school age child care program for
- 36 children who are at least five (5) years of age and less than
- 37 fifteen (15) years of age that operates before or after the school
- 38 day, or both, and during periods when school is not in session;
- 39 if the property is not needed for school purposes. Under this
- 40 subdivision, the governing body may enter into a long term lease
- 41 with a nonprofit corporation, community service organization, or
- 42 other governmental entity, if the corporation, organization, or

COPY



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

10 (8) To:

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

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

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

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

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

37 The compensation, terms of employment, and discharge of
 38 teachers are, however, subject to and governed by the laws
 39 relating to employment, contracting, compensation, and discharge
 40 of teachers. The compensation, terms of employment, and
 41 discharge of bus drivers are subject to and governed by laws
 42 relating to employment, contracting, compensation, and discharge

C
o
p
y



1 of bus drivers. The forms and procedures relating to the use of
 2 computer and data processing equipment in handling the financial
 3 affairs of the school corporation must be submitted to the state
 4 board of accounts for approval so that the services are used by the
 5 school corporation when the governing body determines that it is
 6 in the best interest of the school corporation while at the same
 7 time providing reasonable accountability for the funds expended.
 8 (9) Notwithstanding the appropriation limitation in subdivision
 9 (3), when the governing body by resolution considers a trip by an
 10 employee of the school corporation or by a member of the
 11 governing body to be in the interest of the school corporation,
 12 including attending meetings, conferences, or examining
 13 equipment, buildings, and installation in other areas, to permit the
 14 employee to be absent in connection with the trip without any loss
 15 in pay and to reimburse the employee or the member the
 16 employee's or member's reasonable lodging and meal expenses
 17 and necessary transportation expenses. To pay teaching personnel
 18 for time spent in sponsoring and working with school related trips
 19 or activities.
 20 (10) **Subject to IC 20-27-13**, to transport children to and from
 21 school, when in the opinion of the governing body the
 22 transportation is necessary, including considerations for the safety
 23 of the children and without regard to the distance the children live
 24 from the school. The transportation must be otherwise in
 25 accordance with applicable law.
 26 (11) To provide a lunch program for a part or all of the students
 27 attending the schools of the school corporation, including the
 28 establishment of kitchens, kitchen facilities, kitchen equipment,
 29 lunch rooms, the hiring of the necessary personnel to operate the
 30 lunch program, and the purchase of material and supplies for the
 31 lunch program, charging students for the operational costs of the
 32 lunch program, fixing the price per meal or per food item. To
 33 operate the lunch program as an extracurricular activity, subject
 34 to the supervision of the governing body. To participate in a
 35 surplus commodity or lunch aid program.
 36 (12) To purchase textbooks, to furnish textbooks without cost or
 37 to rent textbooks to students, to participate in a textbook aid
 38 program, all in accordance with applicable law.
 39 (13) To accept students transferred from other school corporations
 40 and to transfer students to other school corporations in accordance
 41 with applicable law.
 42 (14) To make budgets, to appropriate funds, and to disburse the

COPY



1 money of the school corporation in accordance with applicable
 2 law. To borrow money against current tax collections and
 3 otherwise to borrow money, in accordance with IC 20-48-1.
 4 (15) To purchase insurance or to establish and maintain a
 5 program of self-insurance relating to the liability of the school
 6 corporation or the school corporation's employees in connection
 7 with motor vehicles or property and for additional coverage to the
 8 extent permitted and in accordance with IC 34-13-3-20. To
 9 purchase additional insurance or to establish and maintain a
 10 program of self-insurance protecting the school corporation and
 11 members of the governing body, employees, contractors, or agents
 12 of the school corporation from liability, risk, accident, or loss
 13 related to school property, school contract, school or school
 14 related activity, including the purchase of insurance or the
 15 establishment and maintenance of a self-insurance program
 16 protecting persons described in this subdivision against false
 17 imprisonment, false arrest, libel, or slander for acts committed in
 18 the course of the persons' employment, protecting the school
 19 corporation for fire and extended coverage and other casualty
 20 risks to the extent of replacement cost, loss of use, and other
 21 insurable risks relating to property owned, leased, or held by the
 22 school corporation. *In accordance with IC 20-26-17*, to:
 23 (A) participate in a state employee health plan under
 24 IC 5-10-8-6.6 or IC 5-10-8-6.7;
 25 (B) purchase insurance; or
 26 (C) establish and maintain a program of self-insurance;
 27 to benefit school corporation employees, including accident,
 28 sickness, health, or dental coverage, provided that a plan of
 29 self-insurance must include an aggregate stop-loss provision.
 30 (16) To make all applications, to enter into all contracts, and to
 31 sign all documents necessary for the receipt of aid, money, or
 32 property from the state, the federal government, or from any other
 33 source.
 34 (17) To defend a member of the governing body or any employee
 35 of the school corporation in any suit arising out of the
 36 performance of the member's or employee's duties for or
 37 employment with, the school corporation, if the governing body
 38 by resolution determined that the action was taken in good faith.
 39 To save any member or employee harmless from any liability,
 40 cost, or damage in connection with the performance, including the
 41 payment of legal fees, except where the liability, cost, or damage
 42 is predicated on or arises out of the bad faith of the member or

C
o
p
y



1 employee, or is a claim or judgment based on the member's or
 2 employee's malfeasance in office or employment.
 3 (18) To prepare, make, enforce, amend, or repeal rules,
 4 regulations, and procedures:
 5 (A) for the government and management of the schools,
 6 property, facilities, and activities of the school corporation, the
 7 school corporation's agents, employees, and pupils and for the
 8 operation of the governing body; and
 9 (B) that may be designated by an appropriate title such as
 10 "policy handbook", "bylaws", or "rules and regulations".
 11 (19) To ratify and approve any action taken by a member of the
 12 governing body, an officer of the governing body, or an employee
 13 of the school corporation after the action is taken, if the action
 14 could have been approved in advance, and in connection with the
 15 action to pay the expense or compensation permitted under
 16 IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
 17 IC 20-48-1 or any other law.
 18 (20) To exercise any other power and make any expenditure in
 19 carrying out the governing body's general powers and purposes
 20 provided in this chapter or in carrying out the powers delineated
 21 in this section which is reasonable from a business or educational
 22 standpoint in carrying out school purposes of the school
 23 corporation, including the acquisition of property or the
 24 employment or contracting for services, even though the power or
 25 expenditure is not specifically set out in this chapter. The specific
 26 powers set out in this section do not limit the general grant of
 27 powers provided in this chapter except where a limitation is set
 28 out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12,
 29 and IC 20-48-1 by specific language or by reference to other law.
 30 SECTION 11. IC 20-27-13 IS ADDED TO THE INDIANA CODE
 31 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 32 UPON PASSAGE]:
 33 **Chapter 13. Termination of Transportation; Waiver**
 34 **Sec. 1. As used in this chapter, "eligible student" means an**
 35 **individual who in any part of a school year:**
 36 **(1) is enrolled in a school corporation;**
 37 **(2) has legal settlement in the school corporation;**
 38 **(3) attended school in the school corporation's taxing district;**
 39 **and**
 40 **(4) is not required by federal or state law to receive**
 41 **transportation services to and from school.**
 42 **Sec. 2. This chapter applies to a school corporation that carried**

COPY



1 out a general program in at least one (1) school year beginning
 2 after June 30, 2010, to provide transportation to and from school
 3 for eligible students.

4 Sec. 3. Except as provided in section 7 of this chapter, a school
 5 corporation described in section 2 of this chapter shall carry out a
 6 program to provide transportation to and from school for all
 7 eligible students in any part of a school year beginning after June
 8 30, 2012, unless the governing body of the school corporation:

9 (1) approves the termination of the transportation program;
 10 and

11 (2) provides public notice of the date after which the
 12 transportation will no longer be provided under the
 13 transportation program;

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

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

26 Sec. 5. Transportation provided under a transportation
 27 program required under section 3 of this chapter may be limited
 28 by the school corporation's governing body to providing
 29 transportation to school immediately before the beginning of an
 30 instructional day (described in IC 20-30-2-2) and from school
 31 immediately after the end of an instructional day (described in
 32 IC 20-30-2-2) without additional accommodations for participation
 33 in extracurricular activities.

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

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

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

41 (1) demonstrate that the waiver request was approved by the
 42 governing body for the school corporation;

C
O
P
Y



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

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

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

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

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

21 Sec. 10. The department may condition a waiver under section
 22 9 of this chapter on the terms and conditions specified by the
 23 department. If a school corporation fails to comply with a term or
 24 condition of a waiver or the department discovers facts that
 25 indicate that the school corporation's plan:

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

29 the department may issue an order under IC 4-21.5-3 or an
 30 emergency or temporary order under IC 4-21.5-4 specifying the
 31 actions that must be taken by the school corporation to correct the
 32 deficiency. The order may suspend or terminate the waiver
 33 granted under section 9 of this chapter beginning on the date
 34 specified by the department.

35 SECTION 12. IC 20-40-2-4, AS ADDED BY P.L.2-2006,
 36 SECTION 163, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Except as provided by
 38 subsection (b) or any other law, any lawful school expenses payable
 39 from any other fund of a school corporation, including debt service and
 40 capital outlay, but excluding costs attributable to transportation (as
 41 defined in IC 20-40-6-1); may be budgeted in and paid from the fund.

42 (b) Before January 1, 2016, costs attributable to transportation

C
O
P
Y



1 (as defined in IC 20-40-6-1) may be budgeted in and paid from the
2 fund. After December 31, 2015, costs attributable to transportation
3 (as defined in IC 20-40-6-1) may not be budgeted in and paid from
4 the fund.

5 SECTION 13. IC 20-40-6-5, AS AMENDED BY P.L.234-2007,
6 SECTION 229, IS AMENDED TO READ AS FOLLOWS
7 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Subject to this chapter
8 and except as provided in IC 20-40-2-4(b), the fund is the exclusive
9 fund to be used by a school corporation for the payment of costs
10 attributable to transportation.

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

14 SECTION 14. IC 20-46-5-4, AS AMENDED BY P.L.172-2011,
15 SECTION 123, IS AMENDED TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) Each school corporation may
17 levy for a calendar year a property tax for the fund in accordance with
18 the school bus acquisition plan adopted under this chapter. The levy
19 imposed for the March 1, 2011, and January 15, 2012, assessment dates
20 may not exceed the amount approved by the department of local
21 government finance under section 5 of this chapter and IC 6-1.1-17. In
22 setting the levy for the March 1, 2011, and January 15, 2012,
23 assessment dates, the department of local government finance shall
24 evaluate whether the levy proposed by a school corporation exceeds the
25 reasonable needs of the school corporation to carry out the purposes of
26 the fund and approve a levy that does not exceed the reasonable needs
27 of the school corporation to carry out the purposes of this chapter. In
28 making its determination, the department of local government finance
29 may consider whether a school corporation has in a previous year
30 transferred money from the fund to the school corporation's rainy day
31 fund or a fund other than the school bus replacement fund. **Except as**
32 **provided in subsections (b) and (c)**, a levy imposed for an assessment
33 date after January 15, 2012, may not exceed an amount determined by
34 multiplying:

- 35 (1) the school corporation's maximum permissible levy
36 determined under this section for the previous year, after
37 eliminating the effects of temporary excessive levy appeals and
38 any other temporary adjustments made to the levy for the calendar
39 year (regardless of whether the school corporation imposed the
40 entire amount of the maximum permissible levy in the
41 immediately preceding year); by
- 42 (2) the assessed value growth quotient determined under

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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.

(c) In addition to the amount that a school corporation may levy for a year under the school corporation's maximum permissible levy determined under subsection (a), the school corporation may also levy an amount equal to the following:

(1) For property taxes first due and payable in 2013, an amount equal to:

- (A) seventy-five percent (75%); multiplied by
- (B) the amount of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

(2) For property taxes first due and payable in 2014, an amount equal to:

- (A) fifty percent (50%); multiplied by
- (B) the amount of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

(3) For property taxes first due and payable in 2015, an amount equal to:

- (A) twenty-five percent (25%); multiplied by
- (B) the amount of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

Any additional amounts that may be levied or are levied by a school corporation under this subsection for a year shall not be considered for purposes of determining the school corporation's maximum permissible levy under subsection (a) for the following year. This subsection expires January 1, 2017.

SECTION 15. [EFFECTIVE JULY 1, 2012] (a) There is appropriated to the distressed school fund established by IC 4-12-15-4, as added by this act, ten million dollars (\$10,000,000) from the state general fund for the period beginning July 1, 2012, and ending June 30, 2016. The amounts appropriated under this SECTION may be used by the budget agency only for the purposes of making loans authorized from the distressed school fund. The budget agency may not make a loan from the distressed school fund after December 31, 2015.

(b) This SECTION expires July 1, 2016.

C
o
p
y



1 **SECTION 16. An emergency is declared for this act.**

C
o
p
y



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 226, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

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

Page 1, delete lines 1 through 17, begin a new paragraph and insert: "SECTION 1. IC 4-12-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 15. Distressed School Fund

Sec. 1. As used in this chapter, "board" refers to the distressed unit appeals board established by IC 6-1.1-20.3-4.

Sec. 2. As used in this chapter, "distressed school corporation" refers to a school corporation designated as a distressed school corporation by the board under IC 6-1.1-20.3-6.5.

Sec. 3. As used in this chapter, "fund" refers to the distressed school fund established by section 4 of this chapter.

Sec. 4. The distressed school fund is established. The fund shall be administered by the budget agency.

Sec. 5. (a) The fund consists of the following:

- (1) appropriations made to the fund by the general assembly;**
- (2) grants, gifts, and donations intended for deposit in the fund; and**
- (3) principal repaid to the fund from a loan granted under this chapter.**

(b) Money in the fund is appropriated for the purposes of the fund.

Sec. 6. Expenses of administering the fund shall be paid from money in the fund.

Sec. 7. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

Sec. 8. (a) Except as provided in subsection (b), money in the fund at the end of a fiscal year does not revert to the state general fund.

(b) Money in the fund at the end of the state fiscal year ending June 30, 2016, and at the end of each state fiscal year thereafter reverts to the state general fund.



C
O
P
Y

Sec. 9. The fund shall be used as a revolving fund to make loans to school corporations that are designated by the board as distressed school corporations.

Sec. 10. If the board authorizes under IC 6-1.1-20.3-6.5 a loan from the fund to a distressed school corporation, the distressed school corporation may apply for a loan in a form approved by the budget agency. As part of the application, the school corporation shall submit a plan for the distressed school corporation's use of the loan proceeds and for the repayment of the loan. Within sixty (60) days after receipt of each application, the budget agency shall, after review by the budget committee, make a final determination concerning the application.

Sec. 11. The budget agency shall establish procedures for application to the fund for a loan.

Sec. 12. Subject to this chapter, the budget agency, after review by the budget committee, may loan money to a distressed school corporation on the terms established by the budget agency. The budget agency may not make a loan under this chapter after December 31, 2015.

Sec. 13. The budget agency may authorize a loan to a school corporation that makes an application if:

- (1) the applicant has been designated as a distressed school corporation by the board;
- (2) the board has authorized a loan to the school corporation from the fund;
- (3) the budget agency approves the accuracy and completeness of the application;
- (4) the budget agency determines that there is a need for the loan;
- (5) the budget agency determines that there is an adequate method of repayment for the loan; and
- (6) there is sufficient money in the fund to make the loan.

Sec. 14. The amount of a loan under this chapter may not exceed the amount of the loan recommended by the board.

Sec. 15. The following apply to a loan under this chapter:

- (1) Interest must be charged on the loan, but the rate of interest on the loan may not exceed a rate equal to the prime rate minus one percent (1%).
- (2) A distressed school corporation may repay the loan in equal installments over a term specified by the budget agency, but not more than ten (10) years.
- (3) The outstanding balance of the loan may be prepaid



C
O
P
Y

without penalty.

Sec. 16. In establishing the terms of a loan under this chapter, the budget agency shall consider the plan developed by the board and the distressed school corporation to move the distressed school corporation out of its distressed status.

Sec. 17. If a distressed school corporation fails to make a loan repayment under this chapter when due, the treasurer of state, upon being notified of the failure by the budget agency, shall pay the unpaid debt service obligations that are due from the funds of the state only to the extent of the amounts appropriated for the calendar year for distribution to the distressed school corporation from state funds, deducting the payment from the appropriated amounts. A deduction under this subsection must be made:

- (1) first from all funds except state tuition support; and**
- (2) second from state tuition support.**

Sec. 18. Money repaid on a loan under this chapter shall be deposited in the fund.

SECTION 2. 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 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 thirty percent (30%) 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;

C
O
P
Y



- (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.
- (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 under this section. At the public hearing, the governing body must provide the following information:
 - (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 an ordinance under subsection (e) before January 1, 2016.** 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 thirty percent (30%) but not more than forty-five percent (45%), the school corporation shall conduct a referendum on a public question regarding the bond refunding

C
O
P
Y



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 that sets forth the following:

- (1) The determinations made under subsection (c).
- (2) **The requirements of this subdivision do not apply to an ordinance adopted under this subdivision before January 1, 2016.** 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 under this section, the



C
O
P
Y

governing body must publish notice of the adoption of the ordinance as required by IC 5-3-1.

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

(g) Property taxes imposed by an eligible school corporation to pay 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 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. As used in this chapter, "~~distressed political subdivision~~ **school corporation**" 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.~~ **school corporation designated as a distressed school corporation 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 [EFFECTIVE JULY 1, 2012]: 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~~

C
o
p
y



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.

~~(e)~~ 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 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the fiscal body 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. **The governing body of a school corporation may file a petition with the board seeking to have the school corporation designated as a distressed school corporation under this chapter.**

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

C
o
p
y



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.

(e) (b) 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 JULY 1, 2012]: **Sec. 6.5. (a) After the board receives a petition concerning a school corporation under section 6 of this chapter, the board may designate the school corporation as a distressed school corporation if any of the following conditions are satisfied:**

- (1) The school corporation has:
 - (A) issued refunding bonds under IC 5-1-5-2.5; or
 - (B) adopted an ordinance under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(e).
- (2) The school corporation has had two (2) successive general fund referenda fail.
- (3) The school corporation has been severely affected, as determined by the board, as a result of the granting of property tax credits under IC 6-1.1-20.6.

(b) If the board designates a school corporation as a distressed school corporation under subsection (a), the board shall immediately notify:

- (1) the school corporation; and
- (2) the budget agency;

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

(c) The board may before January 1, 2016, authorize a loan to the school corporation from the distressed school fund under

C
O
P
Y



IC 4-12-15. If the board authorizes a loan to the school corporation under this subsection, the board shall recommend to the state budget committee and the budget agency:

- (1) the term of the loan, not to exceed ten (10) years; and**
- (2) the rate of interest that will be charged on the loan.**

Interest must be charged on a loan authorized under this subsection, but the rate of interest on the loan may not exceed a rate equal to the prime rate minus one percent (1%). A loan authorized under this subsection is subject to review by the state budget committee and approval by the budget agency under IC 4-12-15.

SECTION 7. IC 6-1.1-20.3-7 IS REPEALED [EFFECTIVE JULY 1, 2012]. 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:

SECTION 8. IC 6-1.1-20.3-8 IS REPEALED [EFFECTIVE JULY 1, 2012]. 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



C
O
P
Y

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 9. IC 6-1.1-20.3-10, AS ADDED BY P.L.146-2008, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. A ~~distressed political subdivision~~ **school corporation** 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 10. 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:

C
o
p
y



- (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 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

C
O
P
Y

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.

(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,

C
O
P
Y



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 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

C
O
P
Y



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 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

C
o
p
y



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 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

C
O
P
Y



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



C
o
p
y

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 for 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 (described in IC 20-30-2-2) and from school immediately after the end of an instructional day (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

C
O
P
Y



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 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 12. 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, 2016, costs attributable to transportation (as defined in IC 20-40-6-1) may be budgeted in and paid from the fund. After December 31, 2015, costs attributable to transportation (as defined in IC 20-40-6-1) may not be budgeted in and paid from the fund.

SECTION 13. 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 14. IC 20-46-5-4, AS AMENDED BY P.L.172-2011, SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) Each school corporation may

C
O
P
Y



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 fund or a fund other than the school bus replacement fund. **Except as provided in subsections (b) and (c)**, 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.

(c) In addition to the amount that a school corporation may levy for a year under the school corporation's maximum permissible levy determined under subsection (a), the school corporation may also levy an amount equal to the following:

(1) For property taxes first due and payable in 2013, an amount equal to:

(A) seventy-five percent (75%); multiplied by

(B) the amount of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

(2) For property taxes first due and payable in 2014, an

C
O
P
Y



amount equal to:

- (A) fifty percent (50%); multiplied by
- (B) the amount of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

(3) For property taxes first due and payable in 2015, an amount equal to:

- (A) twenty-five percent (25%); multiplied by
- (B) the amount of the pension neutrality line item, if any, for the school corporation's school bus replacement fund budget order for the 2011 budget year.

Any additional amounts that may be levied or are levied by a school corporation under this subsection for a year shall not be considered for purposes of determining the school corporation's maximum permissible levy under subsection (a) for the following year. This subsection expires January 1, 2017.

SECTION 15. [EFFECTIVE JULY 1, 2012] (a) There is appropriated to the distressed school fund established by IC 4-12-15-4, as added by this act, ten million dollars (\$10,000,000) from the state general fund for the period beginning July 1, 2012, and ending June 30, 2016. The amounts appropriated under this SECTION may be used by the budget agency only for the purposes of making loans authorized from the distressed school fund. The budget agency may not make a loan from the distressed school fund after December 31, 2015.

(b) This SECTION expires July 1, 2016."

Delete pages 2 through 21.

Page 22, delete lines 1 through 25.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 226 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 13, Nays 0.

COPY

