



Reprinted
January 31, 2012

SENATE BILL No. 226

DIGEST OF SB 226 (Updated January 30, 2012 4:58 pm - DI 73)

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
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Effective: Upon passage; July 1, 2012.

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

January 4, 2012, read first time and referred to Committee on Appropriations.
January 26, 2012, amended, reported favorably — Do Pass.
January 30, 2012, read second time, amended, ordered engrossed.

SB 226—LS 6674/DI 51+



has had two 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 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.

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January 31, 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.

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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

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- 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 and**
 24 **the budget agency shall take appropriate action to collect the loan**
 25 **repayment. However, the treasurer of state and the budget agency**
 26 **may not impair the rights of the distressed school corporation's**
 27 **bondholders.**

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

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

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

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

41 for each year that the bonds that are being retired or refunded would
 42 have been outstanding.

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1 (c) In order for a school corporation to be an eligible school
 2 corporation under this section, the school corporation must determine
 3 that the percentage computed under this subsection for the school
 4 corporation is at least thirty percent (30%) regarding the year for which
 5 the latest certified levies have been determined. A school corporation
 6 shall compute its percentage as follows:

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

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

11 (B) capital projects fund;

12 (C) transportation fund;

13 (D) school bus replacement fund; and

14 (E) racial balance fund.

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

17 (A) capital projects fund;

18 (B) transportation fund;

19 (C) school bus replacement fund; and

20 (D) racial balance fund.

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

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

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

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

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

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

41 (2) **The requirements of this subdivision do not apply to a**
 42 **school corporation that adopts an ordinance under subsection**

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1 (e) before January 1, 2016. If the amount determined under
2 subsection (c)(3) is:

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

10 (B) at least thirty percent (30%) but not more than forty-five
11 percent (45%), the school corporation shall conduct a
12 referendum on a public question regarding the bond refunding
13 using the process for a referendum tax levy under IC 20-46-1
14 and the bond refunding must be approved by the eligible
15 voters of the school corporation. The question to be submitted
16 to the voters in the referendum must read as follows:

17 "Shall _____ (insert the name of the school corporation)
18 issue refunding bonds to refund not more than fifty percent
19 (50%) of its outstanding bonds to provide an annual savings
20 to the school's debt service fund that can be transferred from
21 the school's debt service fund to the school's capital projects
22 fund, transportation fund, or school bus replacement fund?".

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

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

29 (1) The determinations made under subsection (c).

30 (2) **The requirements of this subdivision do not apply to an**
31 **ordinance adopted under this subdivision before January 1,**
32 **2016.** The result of the petition remonstrance process under
33 subsection (d)(2)(A) or the result of the vote on the public
34 question under subsection (d)(2)(B), whichever applies.

35 (3) A determination providing for the:

36 (A) issuance of bonds to refund not more than fifty percent
37 (50%) of outstanding bonds or leases issued by or on behalf of
38 the school corporation; and

39 (B) payment of redemption premiums and the costs of the
40 refunding.

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

42 (A) The maximum principal amount.

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

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

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

21 (g) Property taxes imposed by an eligible school corporation to pay
 22 debt service for bonds permitted by this section shall be considered for
 23 purposes of calculating the limits to property tax liability under Article
 24 10, Section 1 of the Constitution of the State of Indiana and for
 25 calculating a person's credit under IC 6-1.1-20.6-7.5. However,
 26 property taxes imposed by an eligible school corporation through
 27 December 31, 2019, to pay debt service for bonds permitted by this
 28 section may not be considered in an eligible county, as used in Article
 29 10, Section 1(h) of the Constitution of the State of Indiana, for purposes
 30 of calculating the limits to property tax liability under Article 10,
 31 Section 1 of the Constitution of the State of Indiana or for calculating
 32 a person's credit under IC 6-1.1-20.6-7.5.

33 SECTION 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008,
 34 SECTION 202, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2012]: Sec. 2. As used in this chapter,
 36 "~~distressed political subdivision~~ **school corporation**" means a
 37 ~~political subdivision that expects to have the political subdivision's~~
 38 ~~property tax collections reduced by at least five percent (5%) in a~~
 39 ~~calendar year as a result of the application of the credit under~~
 40 ~~IC 6-1.1-20.6 for that calendar year.~~ **school corporation designated**
 41 **as a distressed school corporation by the board under section 6.5**
 42 **of this chapter.**



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

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

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

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

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

14 ~~(4)~~ (3) The state examiner of the state board of accounts or the
 15 state examiner's designee.

16 ~~(5) The following members appointed by the governor:~~

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

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

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

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

25 (6) One (1) member appointed by the governor (in addition to
 26 members appointed under subdivision (5)).

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

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

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

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

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

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

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



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1 SECTION 5. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008,
 2 SECTION 205, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For property taxes first
 4 due and payable in 2008 and thereafter, the fiscal body of a distressed
 5 political subdivision may petition the board for relief as authorized
 6 under this chapter from the application of the credit under
 7 IC 6-1.1-20.6 for a calendar year. **The governing body of a school**
 8 **corporation may file a petition with the board seeking to have the**
 9 **school corporation designated as a distressed school corporation**
 10 **under this chapter.**

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

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

16 (2) Proposed efficiencies, consolidations, cost reductions, uses of
 17 alternative or additional revenues, or other actions that would
 18 enable the distressed political subdivision to cease being a
 19 distressed political subdivision.

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

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

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

29 SECTION 6. IC 6-1.1-20.3-6.5 IS ADDED TO THE INDIANA
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2012]: **Sec. 6.5. (a) After the board receives**
 32 **a petition concerning a school corporation under section 6 of this**
 33 **chapter, the board may designate the school corporation as a**
 34 **distressed school corporation if any of the following conditions are**
 35 **satisfied:**

36 (1) The school corporation has:

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

38 (B) adopted an ordinance under IC 5-1-5-2.5 making the
 39 determinations and including the information specified in
 40 IC 5-1-5-2.5(e).

41 (2) The school corporation has had two (2) successive general
 42 fund referenda fail.

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

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1 the county that is affected by the financial plan has adopted a resolution
2 agreeing to the terms of the financial plan:

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

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

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

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

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

14 (B) would otherwise be included in the calculation of the
15 credit under IC 6-1.1-20.6 in the political subdivision;
16 shall not be included for purposes of calculating a person's credit
17 under IC 6-1.1-20.6.

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

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

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

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

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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.
 (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

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necessary for school purposes.
(C) Provide for conservation measures through utility efficiency programs or under a guaranteed savings contract as described in IC 36-1-12.5.
(5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish the personal property. All purchases and contracts specified under the powers authorized under subdivision (4) and this subdivision are subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of state agencies as provided in section 6 of this chapter.
(6) To sell or exchange real or personal property or interest in real or personal property that, in the opinion of the governing body, is not necessary for school purposes, in accordance with IC 20-26-7, to demolish or otherwise dispose of the property if, in the opinion of the governing body, the property is not necessary for school purposes and is worthless, and to pay the expenses for the demolition or disposition.
(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,

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1 all proceeds from the long term lease must be deposited in the
2 school corporation's debt service fund so long as payment for the
3 property has not been made. The governing body may, at the
4 governing body's option, use the procedure specified in
5 IC 36-1-11-10 in leasing property under this subdivision.

6 (8) To:

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

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

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

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

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

33 The compensation, terms of employment, and discharge of
34 teachers are, however, subject to and governed by the laws
35 relating to employment, contracting, compensation, and discharge
36 of teachers. The compensation, terms of employment, and
37 discharge of bus drivers are subject to and governed by laws
38 relating to employment, contracting, compensation, and discharge
39 of bus drivers. The forms and procedures relating to the use of
40 computer and data processing equipment in handling the financial
41 affairs of the school corporation must be submitted to the state
42 board of accounts for approval so that the services are used by the

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- 1 school corporation when the governing body determines that it is
- 2 in the best interest of the school corporation while at the same
- 3 time providing reasonable accountability for the funds expended.
- 4 (9) Notwithstanding the appropriation limitation in subdivision
- 5 (3), when the governing body by resolution considers a trip by an
- 6 employee of the school corporation or by a member of the
- 7 governing body to be in the interest of the school corporation,
- 8 including attending meetings, conferences, or examining
- 9 equipment, buildings, and installation in other areas, to permit the
- 10 employee to be absent in connection with the trip without any loss
- 11 in pay and to reimburse the employee or the member the
- 12 employee's or member's reasonable lodging and meal expenses
- 13 and necessary transportation expenses. To pay teaching personnel
- 14 for time spent in sponsoring and working with school related trips
- 15 or activities.
- 16 (10) **Subject to IC 20-27-13**, to transport children to and from
- 17 school, when in the opinion of the governing body the
- 18 transportation is necessary, including considerations for the safety
- 19 of the children and without regard to the distance the children live
- 20 from the school. The transportation must be otherwise in
- 21 accordance with applicable law.
- 22 (11) To provide a lunch program for a part or all of the students
- 23 attending the schools of the school corporation, including the
- 24 establishment of kitchens, kitchen facilities, kitchen equipment,
- 25 lunch rooms, the hiring of the necessary personnel to operate the
- 26 lunch program, and the purchase of material and supplies for the
- 27 lunch program, charging students for the operational costs of the
- 28 lunch program, fixing the price per meal or per food item. To
- 29 operate the lunch program as an extracurricular activity, subject
- 30 to the supervision of the governing body. To participate in a
- 31 surplus commodity or lunch aid program.
- 32 (12) To purchase textbooks, to furnish textbooks without cost or
- 33 to rent textbooks to students, to participate in a textbook aid
- 34 program, all in accordance with applicable law.
- 35 (13) To accept students transferred from other school corporations
- 36 and to transfer students to other school corporations in accordance
- 37 with applicable law.
- 38 (14) To make budgets, to appropriate funds, and to disburse the
- 39 money of the school corporation in accordance with applicable
- 40 law. To borrow money against current tax collections and
- 41 otherwise to borrow money, in accordance with IC 20-48-1.
- 42 (15) To purchase insurance or to establish and maintain a

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

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

21 (B) purchase insurance; or

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

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

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

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

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

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

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

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

26 SECTION 11. IC 20-27-13 IS ADDED TO THE INDIANA CODE
27 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
28 UPON PASSAGE]:

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

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

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

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

42 **Sec. 3. Except as provided in section 7 of this chapter, a school**

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1 corporation described in section 2 of this chapter shall carry out a
 2 program to provide transportation to and from school for all
 3 eligible students in any part of a school year beginning after June
 4 30, 2012, unless the governing body of the school corporation:

5 (1) approves the termination of the transportation program;
 6 and

7 (2) provides public notice of the date after which the
 8 transportation will no longer be provided under the
 9 transportation program;

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

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

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

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

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

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

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

39 (2) describe the transportation services that will be provided
 40 to students who are required by federal or state law to receive
 41 transportation services to and from school;

42 (3) present a written plan that provides for the safe movement

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of eligible students to and from school; and
(4) include any other information required by the department.

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

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

- (1) will protect the safety of eligible students enrolled in the school corporation; and
 - (2) is otherwise in accordance with applicable law;
- the department may waive the requirements imposed by section 3 of this chapter.

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

- (1) is not protecting the safety of eligible students enrolled in the school corporation; or
 - (2) is not otherwise in accordance with applicable law;
- the department may issue an order under IC 4-21.5-3 or an emergency or temporary order under IC 4-21.5-4 specifying the 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.

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

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

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

31 (1) the school corporation's maximum permissible levy
32 determined under this section for the previous year, after
33 eliminating the effects of temporary excessive levy appeals and
34 any other temporary adjustments made to the levy for the calendar
35 year (regardless of whether the school corporation imposed the
36 entire amount of the maximum permissible levy in the
37 immediately preceding year); by

38 (2) the assessed value growth quotient determined under
39 IC 6-1.1-18.5-2.

40 **(b) The department of local government finance may, upon**
41 **petition by a school corporation, adjust the school corporation's**
42 **levy for the fund to reflect the school corporation's plan adopted**

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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.

SECTION 16. An emergency is declared for this act.

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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.



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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



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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;



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- (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

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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



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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~~

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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

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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

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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



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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:

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- (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

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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,

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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

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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

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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

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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.



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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

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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

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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

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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



SENATE MOTION

Madam President: I move that Senate Bill 226 be amended to read as follows:

Page 3, line 23, after "state" delete "," and insert "**and the budget agency shall take appropriate action to collect the loan repayment. However, the treasurer of state and the budget agency may not impair the rights of the distressed school corporation's bondholders.**".

Page 3, delete lines 24 through 31.

(Reference is to SB 226 as printed January 27, 2012.)

KENLEY

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