



January 20, 2012

SENATE BILL No. 355

DIGEST OF SB 355 (Updated January 18, 2012 12:15 pm - DI 58)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Distressed political subdivisions. Provides that a political subdivision may file a petition with the distressed unit appeal board (board) seeking designation of the political subdivision as a distressed political subdivision, based on any one of several failures by the political subdivision to meet its financial obligations. Provides that either two unsuccessful referenda or effects from the credit for excessive property taxes that are greater than 75% (excluding debt levies) can be a basis for finding a political subdivision a distressed political subdivision. Specifies that the board may consider whether a political subdivision has exercised all of its local options. Provides that if the board designates a political subdivision as a distressed political subdivision, the board shall appoint an emergency manager for the distressed political subdivision. Provides that an emergency manager of a distressed political subdivision has broad powers to effect the financial rehabilitation of the distressed political subdivision. Provides that if a school corporation is a distressed school corporation and that while in that status the school corporation's superintendent is newly employed or its school board has a newly elected or appointed member, the school corporation may petition the distressed unit board for removal as a distressed school corporation. Provides that if a distressed school corporation receives emergency financial relief, the school corporation may not do any of the following without the approval of the board: (1) Acquire real property for school building purposes. (2) Construct new school buildings or remodel or renovate existing school

(Continued next page)

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Effective: January 1, 2012 (retroactive); July 1, 2012.

Charbonneau, Kenley, Head

January 9, 2012, read first time and referred to Committee on Tax and Fiscal Policy.
January 19, 2012, amended, reported favorably — Do Pass.

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Digest Continued

buildings. (3) Incur a contractual obligation (except an employment contract for a new employee whose employment replaces the employment of a former employee) that requires an expenditure of more than ten thousand dollars (\$10,000). (4) Purchase or enter into an agreement to purchase personal property at a cost of more than ten thousand dollars (\$10,000). (5) Adopt or advertise a budget, tax levy, or tax rate for an ensuing budget year. Specifies that a school corporation may receive a loan with interest from the counter-cyclical revenue and economic stabilization (state rainy day) fund or the common school fund or an authorization to use unobligated reserves or other balances in other funds or to make fund to fund transfers. Reduces the number of members on the board to five: (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. Repeals obsolete provisions of the distressed unit appeals board statute.

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SB 355—LS 6699/DI 113+



January 20, 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. 355

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

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

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

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

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

16 (1) The director of the office of management and budget or the
17 director's designee. The director or the director's designee shall

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1 serve as chairperson of the distressed unit appeal board.

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

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

6 ~~(4) (3) The state examiner of the state board of accounts or the~~
7 ~~state examiner's designee.~~

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

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

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

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

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

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

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

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

24 **(5) An individual appointed by the chairperson of the**
25 **legislative council.**

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

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

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

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

35 SECTION 3. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008,
36 SECTION 205, IS AMENDED TO READ AS FOLLOWS
37 [EFFECTIVE JULY 1, 2012]: Sec. 6. (a) ~~For property taxes first due~~
38 ~~and payable in 2008 and thereafter,~~ The fiscal body **and the executive**
39 **of a distressed political subdivision may petition the board for relief as**
40 **authorized under this chapter from the application of the credit under**
41 **IC 6-1.1-20.6 for a calendar year. ~~political subdivision may jointly~~**
42 **file a petition with the board seeking to have the political**



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1 **subdivision designated as a distressed political subdivision under**
 2 **this chapter.**

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

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

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

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

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

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

21 SECTION 4. IC 6-1.1-20.3-6.5 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2012]: **Sec. 6.5. (a) After the board receives**
 24 **a petition concerning a political subdivision under section 6 of this**
 25 **chapter, the board may designate the political subdivision as a**
 26 **distressed political subdivision if at least one (1) of the following**
 27 **conditions applies to the political subdivision:**

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

30 (2) The political subdivision has missed a payroll for thirty
 31 (30) days or two (2) consecutive payrolls.

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

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

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

38 (B) Failed to transfer employer or employee contributions
 39 due under the Federal Insurance Contributions Act
 40 (FICA).

41 (C) Failed to deposit the political subdivision's minimum
 42 obligation payment to a pension fund.

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

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

11 (A) exceed thirty percent (30%) of the political
 12 subdivision's anticipated annual revenues; and

13 (B) are ninety (90) days or more past due.

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

17 (8) As a result of granting the property tax credits under
 18 IC 6-1.1-20.6, the political subdivision has had to reduce its
 19 levy for all funds, except its debt service funds, by at least
 20 seventy-five percent (75%) regarding the year for which the
 21 latest certified levies have been determined. This percentage
 22 shall be computed as follows:

23 (A) Compute the amount of credits granted under
 24 IC 6-1.1-20.6 against the political subdivision's combined
 25 levy for all of its funds.

26 (B) Compute the political subdivision's combined levy for
 27 all of its funds, except debt service funds.

28 (C) Divide the amount computed under clause (A) by the
 29 amount computed under clause (B) and express the
 30 amount as a percentage.

31 (9) The political subdivision has had two (2) successive
 32 referenda fail that would have resulted in property taxes that
 33 would not be considered for purposes of the credit for
 34 excessive property taxes under IC 6-1.1-20.6.

35 (10) In the case of a school corporation, the school
 36 corporation has had two (2) successive general fund referenda
 37 fail.

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



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

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

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

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

14 SECTION 5. IC 6-1.1-20.3-7 IS REPEALED [EFFECTIVE JULY
15 1, 2012]. Sec. 7. (a) If the fiscal body of a distressed political
16 subdivision submits a petition under section 6 of this chapter, the board
17 shall review the petition and assist in establishing a financial plan for
18 the distressed political subdivision:

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

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

29 SECTION 6. IC 6-1.1-20.3-7.5 IS ADDED TO THE INDIANA
30 CODE AS A NEW SECTION TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2012]: Sec. 7.5. (a) If the board designates a
32 political subdivision as a distressed political subdivision under
33 section 6.5 of this chapter, the board shall appoint an emergency
34 manager for the distressed political subdivision. An emergency
35 manager serves at the pleasure of the board.

36 (b) The chairperson of the board shall oversee the activities of
37 an emergency manager.

38 (c) The distressed political subdivision shall pay the emergency
39 manager's compensation and reimburse the emergency fiscal
40 manager for actual and necessary expenses.

41 SECTION 7. IC 6-1.1-20.3-8 IS REPEALED [EFFECTIVE JULY
42 1, 2012]. Sec. 8. (a) The board may authorize relief as provided in

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1 subsection (b) from the application of the credit under IC 6-1.1-20.6 for
 2 a calendar year if the governing body of each political subdivision in
 3 the county that is affected by the financial plan has adopted a resolution
 4 agreeing to the terms of the financial plan:

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

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

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

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

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

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

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

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

24 SECTION 8. IC 6-1.1-20.3-8.5 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2012]: **Sec. 8.5. (a) Notwithstanding any**
 27 **other law, an emergency manager of a distressed political**
 28 **subdivision appointed under section 7.5 of this chapter shall do the**
 29 **following:**

30 (1) **Assume and exercise the authority and responsibilities of**
 31 **both the executive and the fiscal body of the political**
 32 **subdivision concerning the adoption, amendment, and**
 33 **enforcement of ordinances and resolutions relating to or**
 34 **affecting the fiscal stability of the political subdivision.**
 35 **However, the emergency manager does not have the power to**
 36 **impose taxes or fees in addition to the taxes or fees authorized**
 37 **by the political subdivision before the political subdivision**
 38 **was designated a distressed political subdivision.**

39 (2) **Review the political subdivision's budget.**

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

41 (4) **Conduct a financial and compliance audit of the internal**
 42 **operations of the political subdivision.**



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- 1 (5) Develop a written financial plan in consultation with the
 2 officials of the political subdivision not later than six (6)
 3 months after appointment.
 4 (6) Develop a plan for paying all the political subdivision's
 5 outstanding obligations.
 6 (7) Review existing labor contracts.
 7 (8) Adopt a budget for the political subdivision for each
 8 calendar or fiscal year, as applicable, that the political
 9 subdivision remains a distressed political subdivision.
 10 (9) Review payrolls and other claims against the political
 11 subdivision before payment.
 12 (10) Make, approve, or disapprove the following:
 13 (A) A contract.
 14 (B) An expenditure.
 15 (C) A loan.
 16 (D) The creation of any new position.
 17 (E) The filling of any vacant position.
 18 (11) Submit a written report to the board every three (3)
 19 months describing the work that has been done to remove the
 20 political subdivision from distressed status.
 21 (12) Petition the board to terminate a political subdivision's
 22 status as a distressed political subdivision when the conditions
 23 found in section 6.5 of this chapter are no longer applicable to
 24 the political subdivision.
 25 (b) An emergency manager of a distressed political subdivision
 26 appointed under section 7.5 of this chapter may do the following:
 27 (1) Renegotiate existing labor contracts and act as an agent of
 28 the political subdivision in collective bargaining.
 29 (2) Reduce or suspend salaries of the political subdivision's
 30 employees.
 31 (3) Enter into agreements with other political subdivisions for
 32 the provision of services.
 33 (4) In the case of a school corporation, one (1) or more of the
 34 following:
 35 (A) Enter into a contract with the treasurer of state to
 36 provide a loan with interest from the counter-cyclical
 37 revenue and economic stabilization fund (IC 4-10-18) or
 38 the common school fund of the state (IC 20-49-3) on the
 39 terms determined by the emergency manager and the
 40 treasurer of state. The treasurer of state is authorized to
 41 make the loan to the extent money is available in the fund.
 42 (B) Authorize the use of unobligated reserves or other

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balances in a construction fund, sinking fund, bond fund, or debt service fund, to the extent permitted under the school corporation's agreements with the holders of any bonds, leases, or other obligations of the school corporation or a holding company for the school corporation.

(C) Authorize fund to fund transfers from and to any statutory fund.

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

- (1) the emergency manager resigns or dies;**
- (2) the board removes the emergency manager; or**
- (3) the political subdivision's status as a distressed political subdivision is terminated under section 13(b) of this chapter.**

SECTION 9. IC 6-1.1-20.3-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8.7. A school corporation that receives emergency financial relief may not do any of the following without the approval of the board during the period before the board terminates the school corporation's status as a distressed school corporation:

- (1) Acquire real property for school building purposes.**
- (2) Construct new school buildings or remodel or renovate existing school buildings.**
- (3) Incur a contractual obligation (except an employment contract for a new employee whose employment replaces the employment of a former employee) that requires an expenditure of more than ten thousand dollars (\$10,000).**
- (4) Purchase or enter into an agreement to purchase personal property at a cost of more than ten thousand dollars (\$10,000).**
- (5) Adopt or advertise a budget, tax levy, or tax rate for an ensuing budget year.**

SECTION 10. 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 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**

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1 not more than forty-five (45) days after the board enters its final
2 determination.

3 SECTION 11. IC 6-1.1-20.3-13 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2012]: **Sec. 13 (a) If:**

6 (1) an emergency manager of a distressed political
7 subdivision;

8 (2) the petitioner who moved for designation of the political
9 subdivision as a distressed political subdivision under section
10 6 of this chapter; or

11 (3) a school corporation that has a new:

12 (A) superintendent employed; or

13 (B) member elected or appointed to its governing body;
14 during the time a school corporation is a distressed political
15 subdivision;

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

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

25 (c) Notwithstanding any other section of this chapter, not later
26 than ninety (90) days after taking office, a new executive of a
27 distressed political subdivision may petition the board for
28 suspension of the political subdivision's distressed status. The
29 executive must include in its petition a written plan to resolve the
30 applicable issues described in section 6.5 of this chapter. If the
31 board approves the executive's written plan, the board may
32 suspend the political subdivision's distressed status for one
33 hundred eighty (180) days. Suspension under this chapter
34 terminates automatically upon expiration of the one hundred
35 eighty (180) day period. The board may consider a petition to
36 terminate the political subdivision's distressed status during a
37 period of suspension.

38 SECTION 12. [EFFECTIVE JANUARY 1, 2012
39 (RETROACTIVE)] (a) Notwithstanding this act, the final
40 determinations of the distressed unit appeal board made before
41 January 1, 2012, remain in effect until the final settlement of the
42 2011 Lake County property tax bills.

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1 **(b) This SECTION expires December 31, 2013.**
2 **SECTION 13. An emergency is declared for this act.**

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 355, 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:

Page 1, line 4, after "a" reset in roman "political subdivision".

Page 1, line 8, delete "civil taxing unit".

Page 1, delete lines 10 through 12.

Page 2, between lines 24 and 25, begin a new line block indented and insert:

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

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

Page 2, line 40, delete "civil taxing unit" and insert "**political subdivision**".

Page 2, line 41, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 22, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 23, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 25, delete "civil taxing unit:" and insert "**political subdivision:**".

Page 3, line 26, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 28, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 30, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 33, delete "civil taxing unit," and insert "**political subdivision,**".

Page 3, line 39, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 3, line 41, delete "civil taxing unit" and insert "**political subdivision**".

Page 3, line 42, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 4, line 6, delete "civil taxing unit" and insert "**political subdivision**".

Page 4, line 8, delete "civil taxing unit's" and insert "**political**

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subdivision's".

Page 4, line 11, delete "civil taxing unit" and insert "**political subdivision**".

Page 4, between lines 13 and 14, begin a new line block indented and insert:

"(8) As a result of granting the property tax credits under IC 6-1.1-20.6, the political subdivision has had to reduce its levy for all funds, except its debt service funds, by at least seventy-five percent (75%) regarding the year for which the latest certified levies have been determined. This percentage shall be computed as follows:

(A) Compute the amount of credits granted under IC 6-1.1-20.6 against the political subdivision's combined levy for all of its funds.

(B) Compute the political subdivision's combined levy for all of its funds, except debt service funds.

(C) Divide the amount computed under clause (A) by the amount computed under clause (B) and express the amount as a percentage.

(9) The political subdivision has had two (2) successive referenda fail that would have resulted in property taxes that would not be considered for purposes of the credit for excessive property taxes under IC 6-1.1-20.6.

(10) In the case of a school corporation, the school corporation has had two (2) successive general fund referenda fail.

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

Page 4, line 14, delete "civil taxing unit" and insert "**political subdivision**".

Page 4, line 18, delete "civil taxing unit" and insert "**political subdivision**".

Page 4, line 25, delete "civil taxing unit" and insert "**political subdivision**".

Page 5, line 3, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 2, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 5, delete "civil taxing unit." and insert "**political**

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subdivision."

Page 6, line 7, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 8, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 10, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 6, line 11, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 6, line 13, delete "civil taxing unit." and insert "**political subdivision.**".

Page 6, line 15, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 17, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 6, line 20, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 21, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 23, delete "civil taxing".

Page 6, line 24, delete "unit" and insert "**political subdivision**".

Page 6, line 33, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 34, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 6, line 37, delete "civil taxing unit." and insert "**political subdivision.**".

Page 6, line 41, delete "civil taxing unit" and insert "**political subdivision**".

Page 6, line 42, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 7, line 2, delete "civil taxing units" and insert "**political subdivisions**".

Page 7, between lines 3 and 4, begin a new line block indented and insert:

"(4) In the case of a school corporation, one (1) or more of the following:

(A) Enter into a contract with the treasurer of state to provide a loan with interest from the counter-cyclical revenue and economic stabilization fund (IC 4-10-18) or the common school fund of the state (IC 20-49-3) on the terms determined by the emergency manager and the

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treasurer of state. The treasurer of state is authorized to make the loan to the extent money is available in the fund.

(B) Authorize the use of unobligated reserves or other balances in a construction fund, sinking fund, bond fund, or debt service fund, to the extent permitted under the school corporation's agreements with the holders of any bonds, leases, or other obligations of the school corporation or a holding company for the school corporation.

(C) Authorize fund to fund transfers from and to any statutory fund."

Page 7, line 9, delete "civil taxing unit's" and insert "**political subdivision's**".

Page 7, between lines 10 and 11, begin a new paragraph and insert:
 "SECTION 10. IC 6-1.1-20.3-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: **Sec. 8.7. A school corporation that receives emergency financial relief may not do any of the following without the approval of the board during the period before the board terminates the school corporation's status as a distressed school corporation:**

- (1) Acquire real property for school building purposes.**
- (2) Construct new school buildings or remodel or renovate existing school buildings.**
- (3) Incur a contractual obligation (except an employment contract for a new employee whose employment replaces the employment of a former employee) that requires an expenditure of more than ten thousand dollars (\$10,000).**
- (4) Purchase or enter into an agreement to purchase personal property at a cost of more than ten thousand dollars (\$10,000).**
- (5) Adopt or advertise a budget, tax levy, or tax rate for an ensuing budget year."**

Page 7, line 13, reset in roman "distressed political".

Page 7, line 14, reset in roman "subdivision".

Page 7, line 14, delete "civil taxing unit".

Page 7, line 25, delete "or".

Page 7, line 26, delete "civil taxing" and insert "**political subdivision**".

Page 7, line 27, delete "unit".

Page 7, line 28, after "chapter;" insert "**or**".

Page 7, between lines 28 and 29, begin a new line block indented

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and insert the following:

**"(3) a school corporation that has a new:
(A) superintendent employed; or
(B) member elected or appointed to its governing body;
during the time a school corporation is a distressed political
subdivision;"**.

Page 7, line 29, delete "civil taxing" and insert "**political
subdivision's**".

Page 7, line 32, delete "civil taxing unit's" and insert "**political
subdivision's**".

Page 7, line 33, delete "civil taxing unit's" and insert "**political
subdivision's**".

Page 7, line 36, delete "civil taxing unit." and insert "**political
subdivision.**".

Page 7, line 40, delete "civil taxing unit's" and insert "**political
subdivision's**".

Page 8, line 1, delete "civil taxing" and insert "**political
subdivision's**".

Page 8, line 2, delete "unit's".

Page 8, line 5, delete "civil taxing unit's" and insert "**political
subdivision's**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 355 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 1.

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