



Reprinted  
January 24, 2012

## SENATE BILL No. 355

DIGEST OF SB 355 (Updated January 23, 2012 4:39 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  
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**Effective:** January 1, 2012 (retroactive); July 1, 2012.

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**Charbonneau, Kenley, Miller, Head**

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January 9, 2012, read first time and referred to Committee on Tax and Fiscal Policy.  
January 19, 2012, amended, reported favorably — Do Pass.  
January 23, 2012, read second time, amended, ordered engrossed.

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SB 355—LS 6699/DI 113+



Digest Continued

board: (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 \$10,000. (4) Purchase or enter into an agreement to purchase personal property at a cost of more than \$10,000. (5) Adopt or advertise a budget, tax levy, or tax rate for an ensuing budget year. Specifies that if the authority otherwise exists 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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Reprinted  
January 24, 2012

Second Regular Session 117th General Assembly (2012)

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

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

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

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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

SB 355—LS 6699/DI 113+



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

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

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

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

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

(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.

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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, and to the extent the  
 34 authority exists outside this chapter, an emergency manager  
 35 may do one (1) or more of the following:  
 36 (A) Enter into a contract with the treasurer of state to  
 37 provide a loan with interest from the counter-cyclical  
 38 revenue and economic stabilization fund (IC 4-10-18) or  
 39 the common school fund of the state (IC 20-49-3) on the  
 40 terms determined by the emergency manager and the  
 41 treasurer of state. The treasurer of state is authorized to  
 42 make the loan to the extent money is available in the fund.

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

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

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

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

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

- 24 (1) Acquire real property for school building purposes.
- 25 (2) Construct new school buildings or remodel or renovate  
26 existing school buildings.
- 27 (3) Incur a contractual obligation (except an employment  
28 contract for a new employee whose employment replaces the  
29 employment of a former employee) that requires an  
30 expenditure of more than ten thousand dollars (\$10,000).
- 31 (4) Purchase or enter into an agreement to purchase personal  
32 property at a cost of more than ten thousand dollars  
33 (\$10,000).
- 34 (5) Adopt or advertise a budget, tax levy, or tax rate for an  
35 ensuing budget year.

36 SECTION 10. IC 6-1.1-20.3-10, AS ADDED BY P.L.146-2008,  
37 SECTION 209, IS AMENDED TO READ AS FOLLOWS  
38 [EFFECTIVE JULY 1, 2012]: Sec. 10. A distressed political  
39 subdivision may petition the tax court for judicial review of a final  
40 determination of the board **under section 6.5 of this chapter**. The  
41 action must be taken to the tax court under IC 6-1.1-15 in the same  
42 manner that an action is taken to appeal a final determination of the

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1 Indiana board of tax review. The petition must be filed in the tax court  
 2 not more than forty-five (45) days after the board enters its final  
 3 determination.

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

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

9 **(2) the petitioner who moved for designation of the political**  
 10 **subdivision as a distressed political subdivision under section**  
 11 **6 of this chapter; or**

12 **(3) a school corporation that has a new:**

13 **(A) superintendent employed; or**

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

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

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

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

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

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- 1 **2011 Lake County property tax bills.**
- 2 **(b) This SECTION expires December 31, 2013.**
- 3 **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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SENATE MOTION

Madam President: I move that Senate Bill 355 be amended to read as follows:

Page 7, line 33, after "corporation," insert "**and to the extent the authority exists outside this chapter, an emergency manager may do**".

Page 9, line 17, after "subdivision's" delete "unit's".

(Reference is to SB 355 as printed January 20, 2012.)

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