

COMMITTEE REPORT

MADAM PRESIDENT:

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

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

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

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

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

8 (B) capital projects fund;

9 (C) transportation fund;

10 (D) school bus replacement fund; and

11 (E) racial balance fund.

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

14 (A) capital projects fund;

15 (B) transportation fund;

16 (C) school bus replacement fund; and

17 (D) racial balance fund.

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

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

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

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

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

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

1 refunding bonds.

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

6 **(2) The requirements of this subdivision do not apply to a**
7 **school corporation that adopts a resolution under subsection**
8 **(e) before January 1, 2018, and that has a percentage**
9 **computed under subsection (c) that is at least twenty percent**
10 **(20%), as certified by the department of local government**
11 **finance. If the amount determined under subsection (c)(3) is:**

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

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

28 "Shall _____ (insert the name of the school corporation)
29 issue refunding bonds to refund not more than fifty percent
30 (50%) of its outstanding bonds to provide an annual savings
31 to the school's debt service fund that can be transferred from
32 the school's debt service fund to the school's capital projects
33 fund, transportation fund, or school bus replacement fund?".

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

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

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

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

9 (3) A determination providing for the:

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

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

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

16 (A) The maximum principal amount.

17 (B) The maximum interest rate.

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

19 (D) The final maturity date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 director's designee. The director or the director's designee shall
 2 serve as chairperson of the distressed unit appeal board.
- 3 (2) The commissioner of the department of local government
 4 finance or the commissioner's designee.
- 5 ~~(3) The commissioner of the department of state revenue or the~~
 6 ~~commissioner's designee.~~
- 7 ~~(4) (3) The state examiner of the state board of accounts or the~~
 8 ~~state examiner's designee.~~
- 9 (5) The following members appointed by the governor:
- 10 (A) One ~~(1)~~ member appointed from nominees submitted by
 11 the Indiana Association of Cities and Towns:
- 12 (B) One ~~(1)~~ member appointed from nominees submitted by
 13 the Association of Indiana Counties:
- 14 (C) One ~~(1)~~ member appointed from nominees submitted by
 15 the Indiana Association of School Superintendents:
- 16 A member nominated and appointed under this subdivision must
 17 be an elected official of a political subdivision.
- 18 (6) One ~~(1)~~ member appointed by the governor (in addition to
 19 members appointed under subdivision (5)):
- 20 (7) One ~~(1)~~ member appointed by the speaker of the house of
 21 representatives. A member appointed under this subdivision
 22 serves a term of four ~~(4)~~ years.
- 23 **(4) The state superintendent of public instruction or the**
 24 **superintendent's designee.**
- 25 **(5) An individual appointed by the chairman of the legislative**
 26 **council.**
- 27 (e) The members appointed under subsection ~~(b)(5)~~ and subsection
 28 ~~(b)(6)~~ serve at the pleasure of the governor:
- 29 ~~(d)~~ (c) Each member of the commission is entitled to reimbursement
 30 for:
- 31 (1) traveling expenses as provided under IC 4-13-1-4; and
 32 (2) other expenses actually incurred in connection with the
 33 member's duties as provided in the state policies and procedures
 34 established by the Indiana department of administration and
 35 approved by the budget agency.
- 36 SECTION 5. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008,
 37 SECTION 205, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For ~~property taxes first~~
 39 ~~due and payable in 2008 and thereafter~~, The fiscal body **and the**
 40 **executive** of a distressed political subdivision may petition the board
 41 for relief as authorized under this chapter from the application of the
 42 credit under IC 6-1.1-20.6 for a calendar year: **political subdivision**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 **(B) Transfer employer or employee contributions due**
2 **under the Federal Insurance Contributions Act (FICA).**
- 3 **(C) Deposit the political subdivision's minimum obligation**
4 **payment to a pension fund.**
- 5 **(5) The political subdivision has accumulated a deficit equal**
6 **to eight percent (8%) or more of the political subdivision's**
7 **revenues. For purposes of this subdivision, "deficit" means a**
8 **negative fund balance calculated as a percentage of revenues**
9 **at the end of a budget year for any governmental or**
10 **proprietary fund. The calculation must be presented on an**
11 **accrual basis according to generally accepted accounting**
12 **principles.**
- 13 **(6) The political subdivision has sought to negotiate a**
14 **resolution or an adjustment of claims that in the aggregate:**
- 15 **(A) exceed thirty percent (30%) of the political**
16 **subdivision's anticipated annual revenues; and**
- 17 **(B) are ninety (90) days or more past due.**
- 18 **(7) The political subdivision has carried over interfund loans**
19 **for the benefit of the same fund at the end of two (2)**
20 **successive years.**
- 21 **(8) The political subdivision has been severely affected, as**
22 **determined by the board, as a result of granting the property**
23 **tax credits under IC 6-1.1-20.6.**
- 24 **(9) In addition to the conditions listed in subdivisions (1)**
25 **through (8), and in the case of a school corporation, the board**
26 **may also designate a school corporation as a distressed**
27 **political subdivision if at least one (1) of the following**
28 **conditions applies:**
- 29 **(A) The school corporation has:**
- 30 **(i) issued refunding bonds under IC 5-1-5-2.5; or**
31 **(ii) adopted a resolution under IC 5-1-5-2.5 making the**
32 **determinations and including the information specified**
33 **in IC 5-1-5-2.5(e).**
- 34 **(B) The ratio that the amount of the school corporation's**
35 **debt (as determined in December 2010) bears to the school**
36 **corporation's 2011 ADM ranks in the highest ten (10)**
37 **among all school corporations.**
- 38 **(C) The ratio that the amount of the school corporation's**
39 **debt (as determined in December 2010) bears to the school**
40 **corporation's total assessed valuation for calendar year**
41 **2011 ranks in the highest ten (10) among all school**
42 **corporations.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 **(7) Review existing labor contracts.**

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

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

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

37 **(A) A contract.**

38 **(B) An expenditure.**

39 **(C) A loan.**

40 **(D) The creation of any new position.**

41 **(E) The filling of any vacant position.**

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

- 1 **months concerning:**
- 2 **(A) actions taken by the emergency manager;**
- 3 **(B) expenditures made by the distressed political**
- 4 **subdivision; and**
- 5 **(C) the work that has been done to remove the distressed**
- 6 **political subdivision from distressed status.**
- 7 **(12) Petition the board to terminate a political subdivision's**
- 8 **status as a distressed political subdivision when the conditions**
- 9 **found in section 6.5 of this chapter are no longer applicable to**
- 10 **the political subdivision.**
- 11 **(c) An emergency manager of a distressed political subdivision**
- 12 **appointed under section 7.5 of this chapter may do the following:**
- 13 **(1) Renegotiate existing labor contracts and act as an agent of**
- 14 **the political subdivision in collective bargaining.**
- 15 **(2) Reduce or suspend salaries of the political subdivision's**
- 16 **employees.**
- 17 **(3) Enter into agreements with other political subdivisions for**
- 18 **the provision of services.**
- 19 **(d) Except as provided in section 13(c) of this chapter, an**
- 20 **emergency manager of a distressed political subdivision retains the**
- 21 **powers and duties described in subsections (b) and (c) until:**
- 22 **(1) the emergency manager resigns or dies;**
- 23 **(2) the board removes the emergency manager; or**
- 24 **(3) the political subdivision's status as a distressed political**
- 25 **subdivision is terminated under section 13(b) of this chapter.**
- 26 **SECTION 12. IC 6-1.1-20.3-8.7 IS ADDED TO THE INDIANA**
- 27 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
- 28 **[EFFECTIVE UPON PASSAGE]: Sec. 8.7. A school corporation that**
- 29 **is designated a distressed political subdivision may not do any of**
- 30 **the following without the approval of the board during the period**
- 31 **before the board terminates the school corporation's status as a**
- 32 **distressed political subdivision:**
- 33 **(1) Acquire real property for school building purposes.**
- 34 **(2) Construct new school buildings or remodel or renovate**
- 35 **existing school buildings.**
- 36 **(3) Incur a contractual obligation (except an employment**
- 37 **contract for a new employee whose employment replaces the**
- 38 **employment of a former employee) that requires an**
- 39 **expenditure of more than ten thousand dollars (\$10,000).**
- 40 **(4) Purchase or enter into an agreement to purchase personal**
- 41 **property at a cost of more than ten thousand dollars**
- 42 **(\$10,000).**

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

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

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

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

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

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

21 **(A) employs a new superintendent; or**

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

24 **during the time the school corporation is a distressed political**
 25 **subdivision;**

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

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

35 **(c) Notwithstanding any other section of this chapter, not later**
 36 **than ninety (90) days after taking office, a new executive of a**
 37 **distressed political subdivision may petition the board for**
 38 **suspension of the political subdivision's distressed status. The**
 39 **executive must include in its petition a written plan to resolve the**
 40 **applicable issues described in section 6.5 of this chapter. If the**
 41 **board approves the executive's written plan, the board may**
 42 **suspend the political subdivision's distressed status for one**

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

6 Page 1, line 16, delete "meets the following criteria:" and insert "is:

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

9 **(B) approved for a loan by the distressed unit appeal board**
 10 **under IC 6-1.1-20.3-8.3."**

11 Page 1, delete line 17.

12 Page 2, delete lines 1 through 18.

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

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

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

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

24 **(1) The sale of specified unused property by the school board.**

25 **(2) The school corporation modifying one (1) or more**
 26 **specified contracts entered into by the school corporation.**

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

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

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

35 Page 2, strike line 42.

36 Page 3, line 7, after "2011" delete "." and insert "**, plus the**
 37 **outstanding balance of all loans that were made under this chapter**
 38 **before 2012."**

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

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

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

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

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

18 (3) To appropriate from the school corporation's general fund an
19 amount, not to exceed the greater of three thousand dollars
20 (\$3,000) per budget year or one dollar (\$1) per pupil, not to
21 exceed twelve thousand five hundred dollars (\$12,500), based on
22 the school corporation's previous year's ADM, to promote the best
23 interests of the school corporation through:

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

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

28 (C) developing relations with other governmental units.

29 (4) To:

30 (A) Acquire, construct, erect, maintain, hold, and contract for
31 construction, erection, or maintenance of real estate, real estate
32 improvements, or an interest in real estate or real estate
33 improvements, as the governing body considers necessary for
34 school purposes, including buildings, parts of buildings,
35 additions to buildings, rooms, gymnasiums, auditoriums,
36 playgrounds, playing and athletic fields, facilities for physical
37 training, buildings for administrative, office, warehouse, repair
38 activities, or housing school owned buses, landscaping, walks,
39 drives, parking areas, roadways, easements and facilities for
40 power, sewer, water, roadway, access, storm and surface
41 water, drinking water, gas, electricity, other utilities and
42 similar purposes, by purchase, either outright for cash (or

- 1 under conditional sales or purchase money contracts providing
2 for a retention of a security interest by the seller until payment
3 is made or by notes where the contract, security retention, or
4 note is permitted by applicable law), by exchange, by gift, by
5 devise, by eminent domain, by lease with or without option to
6 purchase, or by lease under IC 20-47-2, IC 20-47-3, or
7 IC 20-47-5.
- 8 (B) Repair, remodel, remove, or demolish, or to contract for
9 the repair, remodeling, removal, or demolition of the real
10 estate, real estate improvements, or interest in the real estate
11 or real estate improvements, as the governing body considers
12 necessary for school purposes.
- 13 (C) Provide for conservation measures through utility
14 efficiency programs or under a guaranteed savings contract as
15 described in IC 36-1-12.5.
- 16 (5) To acquire personal property or an interest in personal
17 property as the governing body considers necessary for school
18 purposes, including buses, motor vehicles, equipment, apparatus,
19 appliances, books, furniture, and supplies, either by cash purchase
20 or under conditional sales or purchase money contracts providing
21 for a security interest by the seller until payment is made or by
22 notes where the contract, security, retention, or note is permitted
23 by applicable law, by gift, by devise, by loan, or by lease with or
24 without option to purchase and to repair, remodel, remove,
25 relocate, and demolish the personal property. All purchases and
26 contracts specified under the powers authorized under subdivision
27 (4) and this subdivision are subject solely to applicable law
28 relating to purchases and contracting by municipal corporations
29 in general and to the supervisory control of state agencies as
30 provided in section 6 of this chapter.
- 31 (6) To sell or exchange real or personal property or interest in real
32 or personal property that, in the opinion of the governing body, is
33 not necessary for school purposes, in accordance with IC 20-26-7,
34 to demolish or otherwise dispose of the property if, in the opinion
35 of the governing body, the property is not necessary for school
36 purposes and is worthless, and to pay the expenses for the
37 demolition or disposition.
- 38 (7) To lease any school property for a rental that the governing
39 body considers reasonable or to permit the free use of school
40 property for:
- 41 (A) civic or public purposes; or
42 (B) the operation of a school age child care program for

1 children who are at least five (5) years of age and less than
2 fifteen (15) years of age that operates before or after the school
3 day, or both, and during periods when school is not in session;
4 if the property is not needed for school purposes. Under this
5 subdivision, the governing body may enter into a long term lease
6 with a nonprofit corporation, community service organization, or
7 other governmental entity, if the corporation, organization, or
8 other governmental entity will use the property to be leased for
9 civic or public purposes or for a school age child care program.
10 However, if payment for the property subject to a long term lease
11 is made from money in the school corporation's debt service fund,
12 all proceeds from the long term lease must be deposited in the
13 school corporation's debt service fund so long as payment for the
14 property has not been made. The governing body may, at the
15 governing body's option, use the procedure specified in
16 IC 36-1-11-10 in leasing property under this subdivision.

17 (8) To:

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

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

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

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

42 (E) Determine the nature and extent of the duties of the

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

- 1 (12) To purchase textbooks, to furnish textbooks without cost or
2 to rent textbooks to students, to participate in a textbook aid
3 program, all in accordance with applicable law.
- 4 (13) To accept students transferred from other school corporations
5 and to transfer students to other school corporations in accordance
6 with applicable law.
- 7 (14) To make budgets, to appropriate funds, and to disburse the
8 money of the school corporation in accordance with applicable
9 law. To borrow money against current tax collections and
10 otherwise to borrow money, in accordance with IC 20-48-1.
- 11 (15) To purchase insurance or to establish and maintain a
12 program of self-insurance relating to the liability of the school
13 corporation or the school corporation's employees in connection
14 with motor vehicles or property and for additional coverage to the
15 extent permitted and in accordance with IC 34-13-3-20. To
16 purchase additional insurance or to establish and maintain a
17 program of self-insurance protecting the school corporation and
18 members of the governing body, employees, contractors, or agents
19 of the school corporation from liability, risk, accident, or loss
20 related to school property, school contract, school or school
21 related activity, including the purchase of insurance or the
22 establishment and maintenance of a self-insurance program
23 protecting persons described in this subdivision against false
24 imprisonment, false arrest, libel, or slander for acts committed in
25 the course of the persons' employment, protecting the school
26 corporation for fire and extended coverage and other casualty
27 risks to the extent of replacement cost, loss of use, and other
28 insurable risks relating to property owned, leased, or held by the
29 school corporation. *In accordance with IC 20-26-17, to:*
- 30 (A) participate in a state employee health plan under
31 IC 5-10-8-6.6 or IC 5-10-8-6.7;
- 32 (B) purchase insurance; or
- 33 (C) establish and maintain a program of self-insurance;
34 to benefit school corporation employees, including accident,
35 sickness, health, or dental coverage, provided that a plan of
36 self-insurance must include an aggregate stop-loss provision.
- 37 (16) To make all applications, to enter into all contracts, and to
38 sign all documents necessary for the receipt of aid, money, or
39 property from the state, the federal government, or from any other
40 source.
- 41 (17) To defend a member of the governing body or any employee
42 of the school corporation in any suit arising out of the

1 performance of the member's or employee's duties for or
 2 employment with, the school corporation, if the governing body
 3 by resolution determined that the action was taken in good faith.
 4 To save any member or employee harmless from any liability,
 5 cost, or damage in connection with the performance, including the
 6 payment of legal fees, except where the liability, cost, or damage
 7 is predicated on or arises out of the bad faith of the member or
 8 employee, or is a claim or judgment based on the member's or
 9 employee's malfeasance in office or employment.

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

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

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

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

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

37 SECTION 22. IC 20-27-13 IS ADDED TO THE INDIANA CODE
 38 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 39 UPON PASSAGE]:

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

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

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

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

11 **Sec. 3. Except as provided in section 7 of this chapter, a school**
 12 **corporation described in section 2 of this chapter shall carry out a**
 13 **program to provide transportation to and from school for all**
 14 **eligible students in any part of a school year beginning after June**
 15 **30, 2012, unless the governing body of the school corporation:**

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

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

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

33 **Sec. 5. Transportation provided under a transportation**
 34 **program required under section 3 of this chapter may be limited**
 35 **by the school corporation's governing body to providing**
 36 **transportation to school immediately before the beginning of an**
 37 **instructional day (as described in IC 20-30-2-2) and from school**
 38 **immediately after the end of an instructional day (as described in**
 39 **IC 20-30-2-2) without additional accommodations for participation**
 40 **in extracurricular activities.**

41 **Sec. 6. Transportation provided under a transportation**
 42 **program required under section 3 of this chapter must be**

1 otherwise in accordance with applicable law.

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

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

6 **(1)** demonstrate that the waiver request was approved by the
7 governing body for the school corporation;

8 **(2)** describe the transportation services that will be provided
9 to students who are required by federal or state law to receive
10 transportation services to and from school;

11 **(3)** present a written plan that provides for the safe movement
12 of eligible students to and from school; and

13 **(4)** include any other information required by the department.

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

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

23 **(1)** will protect the safety of eligible students enrolled in the
24 school corporation; and

25 **(2)** is otherwise in accordance with applicable law;

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

28 **Sec. 10.** The department may condition a waiver under section
29 9 of this chapter on the terms and conditions specified by the
30 department. If a school corporation fails to comply with a term or
31 condition of a waiver or the department discovers facts that
32 indicate that the school corporation's plan:

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

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

36 the department may issue an order under IC 4-21.5-3 or an
37 emergency or temporary order under IC 4-21.5-4 specifying the
38 actions that must be taken by the school corporation to correct the
39 deficiency. The order may suspend or terminate the waiver
40 granted under section 9 of this chapter beginning on the date
41 specified by the department.

42 SECTION 23. IC 20-40-2-4, AS ADDED BY P.L.2-2006,

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

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

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

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

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

42 (1) the school corporation's maximum permissible levy

1 determined under this section for the previous year, after
 2 eliminating the effects of temporary excessive levy appeals and
 3 any other temporary adjustments made to the levy for the calendar
 4 year (regardless of whether the school corporation imposed the
 5 entire amount of the maximum permissible levy in the
 6 immediately preceding year); by

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

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

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

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

21 (1) did not issue bonds under IC 20-5-4-1.7 before its repeal; or

22 (2) issued bonds under IC 20-5-4-1.7 (repealed):

23 (A) before April 14, 2003; or

24 (B) after April 13, 2003, if an order approving the issuance of
 25 the bonds was issued by the department of local government
 26 finance before April 14, 2003.

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

32 (1) The school corporation may issue bonds under this section
 33 only one (1) time.

34 (2) A school corporation described in subsection (b)(1) or
 35 (b)(2)(A) must issue the bonds before July 1, 2006.

36 (3) The solution to which the bonds are contributing must be
 37 reasonably expected to reduce the school corporation's unfunded
 38 contractual liability for retirement or severance payments as it
 39 existed on June 30, 2001.

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

42 (A) two percent (2%) of the true tax value of property in the

- 1 school corporation, for a school corporation that did not issue
 2 bonds under IC 20-5-4-1.7 (before its repeal); or
 3 (B) the remainder of:
 4 (i) two percent (2%) of the true tax value of property in the
 5 school corporation as of the date that the school corporation
 6 issued bonds under IC 20-5-4-1.7 (before its repeal); minus
 7 (ii) the amount of bonds that the school corporation issued
 8 under IC 20-5-4-1.7 (before its repeal);
 9 for a school corporation that issued bonds under IC 20-5-4-1.7
 10 (repealed) as described in subsection (b)(2).
- 11 (5) Each year that a debt service levy is needed under this section,
 12 the school corporation shall reduce the total property tax levy for
 13 the school corporation's transportation, school bus replacement,
 14 capital projects, and art association and historical society funds,
 15 as appropriate, in an amount equal to:
 16 (A) the property tax levy needed for the debt service under this
 17 section; **multiplied by**
 18 **(B) the adjustment percentage set forth in subsection (f) or**
 19 **(g), as applicable.**
- 20 The property tax rate for each of these funds shall be reduced
 21 each year until the bonds are retired.
- 22 (6) The school corporation shall establish a separate debt service
 23 fund for repayment of the bonds issued under this section.
- 24 (d) Bonds issued for the purpose described in this section shall be
 25 issued in the same manner as other bonds of the school corporation.
- 26 (e) Bonds issued under this section are not subject to the petition
 27 and remonstrance process under IC 6-1.1-20 or to the limitations
 28 contained in IC 36-1-15.
- 29 **(f) This subsection applies only if the governing body of a school**
 30 **corporation adopts a resolution specifying that the adjustment**
 31 **percentages under this subsection apply to the school corporation.**
 32 **The adjustment percentage under this subsection is the following:**
- 33 **(1) For property taxes first due and payable in 2013,**
 34 **twenty-five percent (25%).**
- 35 **(2) For property taxes first due and payable in 2014, fifty**
 36 **percent (50%).**
- 37 **(3) For property taxes first due and payable in 2015,**
 38 **seventy-five percent (75%).**
- 39 **(4) For property taxes first due and payable after 2015, one**
 40 **hundred percent (100%).**
- 41 **(g) If the governing body of a school corporation does not adopt**
 42 **a resolution specifying that the adjustment percentages under**

1 **subsection (f) apply to the school corporation, the adjustment**
2 **percentage is one hundred percent (100%).**

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

4 Renumber all SECTIONS consecutively.

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

and when so amended that said bill do pass .

Committee Vote: Yeas 11, Nays 0.

Senator Kenley, Chairperson