Reprinted
April 9, 2013

ENGROSSED
SENATE BILL No. 517

DIGEST OF SB 517 (Updated April 8, 2013 5:43 pm - DI 92)

Citations Affected: IC 5-1; IC 6-1.1; IC 13-21; IC 20-40; IC 20-48; IC 36-1; noncode.

Synopsis: Local government finance. Authorizes the department of local government finance (DLGF) to establish a three year pilot program concerning nonbinding review of budgets, property tax rates, and property tax levies. Provides that for a county to be eligible for designation as a pilot county, the county fiscal body must adopt a resolution and submit an application to the DLGF. Allows the DLGF to designate not more than three counties as pilot counties. Specifies that the following apply in 2014 and thereafter in a pilot county: (1) Each taxing unit in the pilot county must file with the DLGF the taxing unit's proposed budgets, property tax rates, and property tax levies. (2) When formulating the taxing unit's estimated budget, property tax rate, and property tax levy, each taxing unit shall consider estimated consequences of the circuit breaker property tax credits. (3) The DLGF

(Continued next page)

Effective: Upon passage; January 1, 2009 (retroactive); July 1, 2013.

Miller Pete, Smith J, Randolph
(HOUSE SPONSORS — HUSTON, ERRINGTON, GOODIN, THOMPSON)

January 14, 2013, read first time and referred to Committee on Tax and Fiscal Policy.
February 14, 2013, amended, reported favorably — Do Pass.
February 18, 2013, read second time, ordered engrossed. Engrossed.
February 19, 2013, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION
February 26, 2013, read first time and referred to Committee on Ways and Means.
April 4, 2013, amended, reported — Do Pass.
April 8, 2013, read second time, amended, ordered engrossed.

C o p y

shall prepare an analysis of the proposed budgets, property tax rates, and property tax levies submitted by taxing units in the pilot county and provide the analysis to the county fiscal body and to the fiscal body of each taxing unit in the pilot county. (4) Upon request by the county fiscal body, representatives of the DLGF shall appear before the county fiscal body to review the analysis. (5) The county fiscal body shall review the proposed budgets, property tax rates, and property tax levies of each taxing unit in the pilot county and the total tax rate of each taxing district in the county, and shall issue a nonbinding recommendation to each taxing unit. Provides that the maximum amount allowed for an operating balance in the debt service fund is the sum of: (1) 50% of the budget estimate for the debt service on debt incurred before January 1, 2009 or on debt incurred between 2008 and July 1, 2013, if a bond payment is due in the first ten days of the year; plus (2) 25% of the amount budgeted for the ensuing year for other debt service. Provides that taxes levied under the allowance may not be construed as an increase in a political subdivision's property tax levy to make up for a reduction in property tax collections under the circuit breaker law. Provides for proportional allocation of circuit breaker losses. Allows political subdivisions to transfer money from other funds to debt service funds when property tax reductions reduce debt service fund balances below the amount needed to meet debt service obligations. Permits a school corporation to make a transfer from its general fund to its transportation fund or school bus replacement fund if more than 75% of its transportation fund levy or bus replacement fund levy is lost due to: (1) the application of the circuit breaker credit; plus (2) the tax allocations made to protect taxes that are protected from the circuit breaker credit. Limits the general fund transfer to 50% of the revenue lost by the impacted fund. Specifies that an eligible school corporation may adopt a resolution before January 1, 2014, to use certain debt restructuring statutes. Provides that in the case of a school corporation designated after June 30, 2013, as distressed by the distressed unit appeal board (board) upon submission of a petition by the school corporation requesting the designation, the board shall appoint an emergency manager for the school corporation. (Under current law, the board is required to appoint an emergency manager for each political subdivision, other than a school corporation, that is designated as distressed.) Allows the board to approve a petition submitted jointly by the governing body and the superintendent of a school corporation requesting authority to transfer before July 1, 2015, excess funds in the school corporation's debt service fund to the school corporation's transportation fund. Provides that in the case of a school corporation that has issued bonds to implement solutions to contractual retirement or severance liability and that has elected to phase in the reductions to the school corporation's levies for transportation, school bus replacement, capital projects, and art association and historical society funds, as appropriate, the schedule of annual levy reduction percentages is lengthened from three years to five years by adding two additional 25% reduction years in years two and three of the phase-in. Allows a school corporation in LaPorte County to exchange real property for services provided by another governmental agency. Changes the deadline for solid waste management districts to submit certain information to the DLGF from February 1 to March 1. Allows the town of Goodland to borrow money to offset a levy reduction resulting from the improper submission of its budget and levy information to the DLGF. Authorizes a taxpayer to claim a property tax exemption for the March 1, 2009, assessment date for property leased to the bureau of motor vehicles or bureau of motor vehicles commission.

C o p y

Reprinted
April 9, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

C o p y

ENGROSSED
SENATE BILL No. 517

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

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

SECTION 1. IC 5-1-5-2.5, AS AMENDED BY P.L.145-2012, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.5. (a) As used in this section, "eligible school corporation" means a school corporation (as defined in IC 36-1-2-17) that satisfies all the conditions required by this section.

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

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

(2) the annual debt service payment for the proposed refunding bonds;

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

(c) In order for a school corporation to be an eligible school corporation under this section, the school corporation must determine

that the percentage computed under this subsection for the school corporation is at least twenty percent (20%), ~~before January 1, 2014, or at least thirty percent (30%) after December 31, 2013,~~ regarding the year for which the latest certified levies have been determined. A school corporation shall compute its percentage as follows:

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

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

(B) capital projects fund;

(C) transportation fund;

(D) school bus replacement fund; and

(E) racial balance fund.

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

(A) capital projects fund;

(B) transportation fund;

(C) school bus replacement fund; and

(D) racial balance fund.

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

A school corporation that desires to be an eligible school corporation under this section must submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage computed under this subsection is correct. The department of local government finance shall, not later than ten (10) working days after the date the department receives the school corporation's request, certify the percentage computed under this subsection for the school corporation.

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

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

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

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

C o p y

refunding bonds.

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

(2) The requirements of this subdivision do not apply to a school corporation that adopts a resolution under subsection (g) before January 1, 2014, and that has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. If the amount determined under subsection (c)(3) is:

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

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

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

(3) The requirements of this subdivision apply to a school corporation that adopts a resolution under subsection (g) before January 1, 2014, and that has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. The school corporation must either:

(A) have the distressed unit appeal board approve the school corporation's financial plan for paying any refunding bonds issued under this section, as provided in subsection (e); or

(B) meet all of the following conditions:

(i) The ratio that the amount of the school corporation's debt

C o p y

(as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the ten (10) highest among all school corporations.

(ii) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the ten (10) highest among all school corporations.

(iii) The amount of homestead assessed valuation in the school corporation for calendar year 2011 was at least sixty percent (60%) of the total amount of assessed valuation in the school corporation for calendar year 2011.

(e) A school corporation meets the requirement of subsection (d)(3)(A) if:

(1) the school corporation submits to the distressed unit appeal board the school corporation's financial plan for paying any refunding bonds issued under this section; and

(2) the distressed unit appeal board approves the plan after making a determination that the financial plan is feasible.

The distressed unit appeal board must either approve or disapprove the financial plan not more than sixty (60) days after the later of the date the school corporation submits the financial plan under this subsection or the date on which the department of local government finance certifies the percentage computed for the school corporation under subsection (c). The distressed unit appeal board may not unreasonably deny approval of a school corporation's financial plan under this subsection.

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

(g) A school corporation that desires to be an eligible school corporation under this section must, before ~~July 1, 2013,~~ **January 1, 2014,** and notwithstanding any other law, adopt a resolution that sets forth the following:

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

(2) The requirements of this subdivision do not apply to a resolution adopted under this subsection before January 1, 2014, if the school corporation has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. The result of the petition remonstrance process under subsection (d)(2)(A) or the result of the vote on the public question under subsection

C o p y

(d)(2)(B), whichever applies.

(3) A determination providing for the:

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

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

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

(A) The maximum principal amount.

(B) The maximum interest rate.

(C) The annual lease or debt service payment.

(D) The final maturity date.

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

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

If the governing body adopts a resolution under this section, the governing body must publish notice of the adoption of the resolution as required by IC 5-3-1.

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

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

C o p y

a person's credit under IC 6-1.1-20.6-7.5.

(j) If a school corporation described in subsection (d)(3)(B) issues refunding bonds as permitted by this section, the school corporation must, not more than sixty (60) days after the department of local government finance certifies the school corporation's percentage under subsection (c), report information concerning the refunding to the distressed unit appeal board. The distressed unit appeal board shall make a non-binding review with recommendations regarding the school's financial condition and operating practices.

SECTION 2. IC 6-1.1-17-3.5, AS AMENDED BY P.L.137-2012, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3.5. (a) This section does not apply to taxing units located in a county in which a county board of tax adjustment reviews budgets, tax rates, and tax levies. This section does not apply to a taxing unit that has its proposed budget and proposed property tax levy approved under section 20 or 20.3 of this chapter or IC 36-3-6-9.

(b) This section applies to a taxing unit other than a county. **Except as provided in section 3.7 of this chapter,** if a taxing unit will impose property taxes due and payable in the ensuing calendar year, the taxing unit shall file the following information in the manner prescribed by the department of local government finance with the fiscal body of the county in which the taxing unit is located:

(1) A statement of the proposed or estimated tax rate and tax levy for the taxing unit for the ensuing budget year.

(2) In the case of a taxing unit other than a school corporation, a copy of the taxing unit's proposed budget for the ensuing budget year.

(c) In the case of a taxing unit located in more than one (1) county, the taxing unit shall file the information under subsection (b) with the fiscal body of the county in which the greatest part of the taxing unit's net assessed valuation is located.

(d) A taxing unit must file the information under subsection (b) before September 2 of a year.

(e) A county fiscal body shall complete the following in a manner prescribed by the department of local government finance before October 2 of a year:

(1) Review any proposed or estimated tax rate or tax levy filed by a taxing unit with the county fiscal body under this section.

(2) In the case of a taxing unit other than a school corporation, review any proposed or estimated budget filed by a taxing unit with the county fiscal body under this section.

(3) In the case of a taxing unit other than a school corporation,

C o p y

issue a nonbinding recommendation to a taxing unit regarding the taxing unit's proposed or estimated tax rate or tax levy or proposed budget.

(f) The recommendation under subsection (e) must include a comparison of any increase in the taxing unit's budget or tax levy to:

(1) the average increase in Indiana nonfarm personal income for the preceding six (6) calendar years and the average increase in nonfarm personal income for the county for the preceding six (6) calendar years; and

(2) increases in the budgets and tax levies of other taxing units in the county.

(g) The department of local government finance must provide each county fiscal body with the most recent available information concerning increases in Indiana nonfarm personal income and increases in county nonfarm personal income.

(h) If a taxing unit fails to file the information required by subsection (b) with the fiscal body of the county in which the taxing unit is located by the time prescribed in subsection (d), the most recent annual appropriations and annual tax levy of that taxing unit are continued for the ensuing budget year.

(i) If a county fiscal body fails to complete the requirements of subsection (e) before the deadline in subsection (e) for any taxing unit subject to this section, the most recent annual appropriations and annual tax levy of the county are continued for the ensuing budget year.

SECTION 3. IC 6-1.1-17-3.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 3.7. (a) This section authorizes a three (3) year pilot program to allow county fiscal bodies of designated counties to carry out a more thorough nonbinding review of the proposed budgets, property tax rates, and property tax levies of all taxing units in those counties. The general assembly finds that, because of the enactment of property tax credits under IC 6-1.1-20.6, there is an even greater need for taxing units to cooperate in the adoption of their budgets, property tax rates, and property tax levies.**

(b) The department of local government finance may establish a pilot program concerning nonbinding review of budgets, property tax rates, and property tax levies as provided in this section. The role of the department of local government finance in the pilot program is to develop the framework for the continuation of a more thorough nonbinding review in all counties without the direct involvement of the department of local government finance.

C o p y

(c) For a county to be eligible for designation as a pilot county participating in the pilot program:

(1) the county fiscal body must adopt a resolution approving the submission of an application to be designated as a pilot county; and

(2) the county fiscal body must submit to the department of local government finance before the date specified by the department:

(A) an application in the form and containing the information prescribed by the department; and

(B) a copy of the resolution adopted under subdivision (1).

(d) After reviewing applications submitted under subsection (c), the department of local government finance may designate not more than three (3) counties that submit an application under subsection (c) as pilot counties under this section. In determining which counties are designated as pilot counties, the department of local government finance shall attempt to achieve diversity among designated counties based on:

(1) the geographical location of the counties;

(2) the population of the counties; and

(3) whether the counties are primarily rural or urban.

(e) The department of local government finance shall notify each taxing unit in a pilot county of:

(1) the designation of the county as a pilot county; and

(2) the duties of the taxing unit under this section.

(f) The following apply in 2014 and thereafter:

(1) Each taxing unit in a pilot county shall, before September 2 of each year, file with the department of local government finance and with the county fiscal body:

(A) the taxing unit's proposed budgets, property tax rates, and property tax levies for the following calendar year;

(B) a statement of whether:

(i) a petition and remonstrance process has been initiated under IC 6-1.1-20 concerning a controlled project of the taxing unit;

(ii) a public question under IC 6-1.1-20 concerning a controlled project of the taxing unit has been certified and will be on the election ballot;

(iii) a referendum tax levy question under IC 20-46-1 has been certified and will be on the election ballot; or

(iv) the taxing unit anticipates that it will during the following eighteen (18) months either adopt a resolution

C o p y

or ordinance under IC 6-1.1-20 making a preliminary determination to issue bonds or enter into a lease concerning a controlled project of the taxing unit, or adopt a resolution under IC 20-46-1 to place a referendum tax levy question on the election ballot; and

(C) any additional information required by the department to prepare the analysis required under subdivision (4).

A school corporation providing information to the department of local government finance shall provide the information through the department's interactive and searchable Internet web site containing local government information (the Indiana gateway for governmental units). When formulating the taxing unit's estimated budget, property tax rate, and property tax levy under section 3 of this chapter, the proper officers of the taxing unit shall consider the estimated consequences of the property tax credits under IC 6-1.1-20.6 on the property taxes that will be collected by the taxing unit and the calculation of fund balances.

(2) A taxing unit in a pilot county that would otherwise be required to submit its proposed budgets, property tax rates, and property tax levies for nonbinding review under section 3.5 of this chapter is not required to do so, but the taxing unit must instead submit the information required by subdivision (1) to the department of local government finance.

(3) A taxing unit that is located in a pilot county and that is subject to binding review and approval of the taxing unit's budgets, property tax rates, and property tax levies under section 20 of this chapter or IC 36-3-6-9:

(A) remains subject to binding review and approval under those statutes and must submit the information required under those statutes to the appropriate fiscal body; and

(B) must also submit the information required by subdivision (1) to the department of local government finance.

(4) The department shall prepare an analysis of the proposed budgets, property tax rates, and property tax levies submitted by taxing units in each pilot county. The department of local government finance may establish appropriate procedures and conduct the appropriate analysis that meets the department's requirements for the review of a unit's budget under this chapter. The analysis prepared by the department

C o p y

must include at least the following:

(A) The estimated total property tax rate for each taxing district in the pilot county.

(B) The estimated total amount of property taxes to be levied in the pilot county.

(C) The estimated consequences of the property tax credits under IC 6-1.1-20.6 on:

(i) the property tax rates of each taxing unit and taxing district in the pilot county;

(ii) the expected total tax rate of each taxing district in the county; and

(iii) the property taxes that will be collected by each taxing unit in the pilot county.

(5) The department of local government finance shall, before October 2 of each year, provide the analysis prepared under subdivision (4) for a pilot county to the county fiscal body of the pilot county and to the fiscal body of each taxing unit in the pilot county. Upon request by the county fiscal body, representatives of the department of local government finance shall appear before the county fiscal body to review the analysis.

(6) The county fiscal body of a pilot county shall, on or before October 15 of each year:

(A) review the proposed budgets, property tax rates, and property tax levies of each taxing unit in the pilot county;

(B) review the expected total tax rate of each taxing district in the county; and

(C) issue a nonbinding recommendation to each taxing unit in the pilot county regarding the taxing unit's proposed budgets, property tax rates, and property tax levies.

The review and recommendation required to be carried out under this subdivision may be carried out by the full county fiscal body or by a committee appointed by the county fiscal body for that purpose.

(7) A recommendation by a county fiscal body must include a comparison of any increase in a taxing unit's budgets, property tax rates, and property tax levies to:

(A) the average increase in Indiana nonfarm personal income for the preceding six (6) calendar years and the average increase in nonfarm personal income for the county for the preceding six (6) calendar years; and

(B) increases in the budgets, property tax rates, and

C o p y

property tax levies of other taxing units in the county.

(8) After review under this section, a taxing unit must adopt its budget, property tax rates, and property tax levies by the date required under section 5 of this chapter.

(g) The county fiscal body of a pilot county may, before July 1 of a year, adopt a resolution discontinuing the county's participation in the pilot program. If a county fiscal body adopts such a resolution:

(1) the county fiscal body shall certify a copy of the resolution to the department of local government finance;

(2) the county's participation in the pilot program is terminated; and

(3) the department of local government finance shall attempt to replace the pilot county with another county that has applied to be designated as a pilot county.

(h) The department of local government finance shall, before November 1, 2014, and each year thereafter, report to the commission on state tax and financing policy concerning the pilot program and whether the nonbinding review under the pilot program is fostering cooperation among taxing units in the adoption of their budgets, property tax rates, and property tax levies.

(i) This section expires January 1, 2017.

SECTION 4. IC 6-1.1-17-22 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 22. In determining the amount of the levy for a debt service fund for an ensuing year, the maximum amount allowed for an operating balance in the debt service fund is the sum of:**

(1) fifty percent (50%) of the amount budgeted for the ensuing year for debt service:

(A) on debt incurred before January 1, 2009; or

(B) on debt incurred after December 31, 2008, but before July 1, 2013, if a bond payment is due in the first ten (10) days of a calendar year; plus

(2) twenty-five percent (25%) of the amount budgeted for the ensuing year for debt service:

(A) on debt incurred after December 31, 2008, but before July 1, 2013, if the debt is not subject to subdivision (1)(B); or

(B) on debt incurred after June 30, 2013.

Property taxes described in this section may not be construed as an increase in a political subdivision's property tax levy to make up

C o p y

for a reduction in property tax collections required by IC 6-1.1-20.6-9.5.

SECTION 5. IC 6-1.1-18-12.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 12.6. (a) As used in this section,"qualified town" means the town of Goodland in Newton County.**

(b) Before July 1, 2013, the department shall calculate and certify to the fiscal body of a qualified town the result of:

(1) the amount of the property tax levy that could have been imposed for property taxes first due and payable in 2013, if the qualified town had imposed the maximum property tax levy that would have been permitted by law if the qualified town had properly submitted its budget and property tax levy information to the department; minus

(2) the amount of the property tax levy approved by the department under IC 6-1.1-17 for property taxes first due and payable in calendar year 2013, after reducing the qualified town's budget and property tax levy because the qualified town's budget and property tax levy information were improperly submitted to the department.

(c) After receiving the certifications required under subsection (b), the fiscal body of the qualified town may adopt an ordinance authorizing the town to borrow money from a financial institution to replace part or all of the amount certified under subsection (b).

(d) If a qualified town receives a loan under this section, the fiscal officer of the qualified town shall deposit the loan in each fund affected by the reduction of the qualified town's budget and property tax levy. The amount deposited may be used for any of the lawful purposes of that fund.

(e) If a qualified town borrows money under subsection (c), the qualified town shall impose a property tax levy in calendar year 2014 for the qualified town's debt service fund to repay the total amount borrowed. The property tax levy under this subsection must be treated as protected taxes (as defined in IC 6-1.1-20.6-9.8).

SECTION 6. IC 6-1.1-20.3-6, AS AMENDED BY P.L.145-2012, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The fiscal body and the executive of a political subdivision may jointly file a petition with the board seeking to have the political subdivision designated as a distressed political subdivision under this chapter.

(b) The governing body and the superintendent of a school

C o p y

corporation may **do any of the following:**

(1) Jointly file a petition with the board seeking relief under section 8.3 of this chapter.

(2) Jointly file a petition with the board seeking to have the school corporation designated as a distressed political subdivision under this chapter.

(3) Jointly file a petition with the board requesting authority to transfer before July 1, 2015, excess funds in the school corporation's debt service fund to the school corporation's transportation fund as provided in section 8.4 of this chapter.

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

SECTION 7. IC 6-1.1-20.3-6.5, AS ADDED BY P.L.145-2012, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.5. (a) After the board receives a petition concerning a political subdivision under section 6(a) **or 6(b)(2)** of this chapter, the board may designate the political subdivision as a distressed political subdivision if at least one (1) of the following conditions applies to the political subdivision:

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

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

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

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

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

(B) Transfer employer or employee contributions due under the Federal Insurance Contributions Act (FICA).

(C) Deposit the political subdivision's minimum obligation payment to a pension fund.

(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

C o p y

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 carried over interfund loans for the benefit of the same fund at the end of two (2) successive years.

(8) The political subdivision has been severely affected, as determined by the board, as a result of granting the property tax credits under IC 6-1.1-20.6.

(9) In addition to the conditions listed in subdivisions (1) through (8), and in the case of a school corporation, the board may also designate a school corporation as a distressed political subdivision if at least one (1) of the following conditions applies:

(A) The school corporation has:

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

(ii) adopted a resolution under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(g).

(B) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the highest ten (10) among all school corporations.

(C) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the highest ten (10) among all school corporations.

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

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.

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

(c) If the board designates a political subdivision as a distressed political subdivision under subsection (a), the board shall immediately

C o p y

notify:

(1) the treasurer of state; and

(2) the county auditor and county treasurer of each county in which the distressed political subdivision is wholly or partially located;

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

SECTION 8. IC 6-1.1-20.3-7.5, AS ADDED BY P.L.145-2012, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. (a) This section does not apply to a school corporation designated **before July 1, 2013,** as a distressed political subdivision.

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

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

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

SECTION 9. IC 6-1.1-20.3-8.3, AS ADDED BY P.L.145-2012, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.3. After the board receives a petition concerning a school corporation under section ~~6(b)~~ **6(b)(1)** of this chapter, the board shall review the school corporation's request for a loan from the counter-cyclical revenue and economic stabilization fund under IC 6-1.1-21.4-3(b). The board shall make a recommendation to the state board of finance regarding the loan request. The board may consider whether a school corporation has attempted to secure temporary cash flow loans from the Indiana bond bank or a financial institution in making its recommendation.

SECTION 10. IC 6-1.1-20.3-8.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.4. (a) After the board receives a petition concerning a school corporation under section 6(b)(3) of this chapter, the board shall review the school corporation's request for the authority to transfer excess funds in the school corporation's debt service fund to the school corporation's transportation fund. The board shall make a determination regarding:**

(1) whether the school corporation may transfer excess funds

C o p y

in the school corporation's debt service fund to the school corporation's transportation fund; and

(2) if a transfer is approved under subdivision (1), the amount of excess funds that may be transferred from the school corporation's debt service fund to the school corporation's transportation fund.

(b) The board may not approve a transfer of excess funds from the school corporation's debt service fund to the school corporation's transportation fund if the transfer will occur after June 30, 2015.

(c) This section expires July 1, 2015.

SECTION 11. IC 6-1.1-20.3-8.5, AS ADDED BY P.L.145-2012, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) This section does not apply to **a** school ~~corporations.~~ **corporation designated before July 1, 2013, as a distressed political subdivision.**

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

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

(2) Review the political subdivision's budget.

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

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

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

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

(7) Review existing labor contracts.

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

(9) Review payrolls and other claims against the political

C o p y

subdivision before payment.

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

(A) A contract.

(B) An expenditure.

(C) A loan.

(D) The creation of any new position.

(E) The filling of any vacant position.

(11) Submit a written report to the board every three (3) months concerning:

(A) actions taken by the emergency manager;

(B) expenditures made by the distressed political subdivision; and

(C) the work that has been done to remove the distressed political subdivision from distressed status.

(12) Petition the board to terminate a political subdivision's status as a distressed political subdivision when the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision.

(c) An emergency manager of a distressed political subdivision appointed under section 7.5 of this chapter may do the following:

(1) Renegotiate existing labor contracts and act as an agent of the political subdivision in collective bargaining.

(2) Reduce or suspend salaries of the political subdivision's employees.

(3) Enter into agreements with other political subdivisions for the provision of services.

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

(1) the emergency manager resigns or dies;

(2) the board removes the emergency manager; or

(3) the political subdivision's status as a distressed political subdivision is terminated under section 13(b) of this chapter.

SECTION 12. IC 6-1.1-20.3-10, AS AMENDED BY P.L.145-2012, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. A distressed political subdivision may petition the tax court for judicial review of a determination of the board under section 6.5 of this chapter. **A school corporation may also petition the tax court for judicial review of a determination of the board under section 8.4 of this chapter.** The action must be taken to the tax court under IC 6-1.1-15 in the same manner that an action is taken to appeal a final determination of the Indiana board of tax review.

C o p y

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

SECTION 13. IC 6-1.1-20.3-13, AS ADDED BY P.L.145-2012, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) If:

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

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

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

(A) employs a new superintendent; or

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

during the time the school corporation is a distressed political subdivision;

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

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

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

SECTION 14. IC 6-1.1-20.6-9.8, AS AMENDED BY P.L.137-2012, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.8. (a) This section applies to property taxes first due and payable after December 31, 2009.

(b) The following definitions apply throughout this section:

(1) "Debt service obligations of a political subdivision" refers to:

(A) the principal and interest payable during a calendar year on bonds; and

C o p y

(B) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(2) "Protected taxes" refers to the following:

(A) Property taxes that are exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another law.

(B) Property taxes imposed by a political subdivision to pay for debt service obligations of a political subdivision that are not exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or any other law. Property taxes described in this subsection are subject to the credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) **of this chapter** regardless of their designation as protected taxes.

(3) "Unprotected taxes" refers to property taxes that are not protected taxes.

(c) ~~The total amount collected from protected taxes shall be allocated to the fund for which the protected taxes were imposed as if no credit were granted under section 7 or 7.5 of this chapter.~~ The total amount of the loss in revenue resulting from the granting of credits under section 7 or 7.5 of this chapter must reduce ~~only~~ the amount of **protected and** unprotected property taxes distributed to a fund in proportion to the ~~unprotected rate tax~~ **property tax levy** imposed for that fund relative to the total of all **protected and** unprotected ~~tax rates~~ **property tax levies** imposed by the ~~taxing unit.~~ **political subdivision.**

SECTION 15. IC 6-1.1-20.6-10, AS AMENDED BY P.L.137-2012, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) As used in this section, "debt service obligations of a political subdivision" refers to:

(1) the principal and interest payable during a calendar year on bonds; and

(2) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(b) Political subdivisions are required by law to fully fund the payment of their debt obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property tax collections due to the application of tax credits granted under this chapter. **A political subdivision shall pay**

C o p y

its debt service obligations from its debt service fund. If the amount deposited in a debt service fund is reduced as a result of the application of a credit granted under this chapter below the amount needed to meet the debt service obligations of a political subdivision as the obligations come due, the political subdivision may transfer money from one (1) or more of the political subdivision's other funds to its debt service fund.

(c) Upon the failure of a political subdivision to pay any of the political subdivision's debt service obligations during a calendar year when due, the treasurer of state, upon being notified of the failure by a claimant, shall pay the unpaid debt service obligations that are due from money in the possession of the state that would otherwise be available for distribution to the political subdivision under any other law, deducting the payment from the amount distributed. A deduction under this subsection must be made:

(1) first from distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedule in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-16, IC 6-3.5-6-17.3, IC 6-3.5-7-17, and IC 6-3.5-7-17.3; and

(2) second from any other undistributed funds of the political subdivision in the possession of the state.

(d) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each political subdivision are paid when due. However, this section does not create a debt of the state.

SECTION 16. IC 13-21-3-13.5, AS AMENDED BY P.L.37-2012, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 13.5. (a) At the end of each year the district shall prepare, on a form designed by the department of local government finance, a report that is accessible through the computer gateway administered by the office of technology established by IC 4-13.1-2-1 and that provides the following information:

(1) For each fund that contains district money:

(A) the cash balance at the end of the year;

(B) a list of all encumbrances on the fund that the district is legally obligated to pay;

(C) a copy of documentation that supports each encumbrance listed in clause (B);

(D) the fund balance obtained by subtracting the amount under

C o p y

clause (B) from the amount under clause (A);

(E) the total expenditures from the fund for the year; and

(F) any other financial information required by the department.

(2) The total of all fund balances calculated under subdivision (1)(D).

(3) The total of all fund expenditures reported under subdivision (1)(E).

(4) Any programmatic information required by the department.

(5) The total amount of expenditures by the district for the year.

(6) The per capita expenditures by the district for the year.

(7) The amount of expenditures by the district for the year for personnel costs.

(8) The amount of expenditures by the district for the year for program costs (excluding personnel costs).

(9) The total amount of solid waste (in tons) disposed of in the district for the year for which the district is directly responsible.

(10) The total amount of recycling (in tons) carried out in the district in the year for which the district is directly responsible.

(b) The district shall provide the report prepared under subsection (a):

(1) to the department and to the department of local government finance in a format prescribed by the department; and

(2) to the legislative council in an electronic format under IC 5-14-6;

by ~~February~~ **March** 1 of the year following the year for which the report is made.

(c) The district shall publish the annual report prepared under subsection (a) on an Internet web site maintained by the district or on the Internet web sites maintained by the counties that are members of the district.

SECTION 17. IC 20-40-2-4, AS AMENDED BY P.L.145-2012, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) Except as provided by subsection (b) or any other law, any lawful school expenses payable from any other fund of a school corporation, including debt service and capital outlay, may be budgeted in and paid from the fund.

(b) Before January 1, 2018, costs attributable to transportation (as defined in IC 20-40-6-1) may be budgeted in and paid from the fund. After December 31, 2017, costs attributable to transportation (as defined in IC 20-40-6-1) may not be budgeted in and paid from the fund. **After June 30, 2013, a school corporation may also transfer money from its general fund to its transportation fund (IC 20-40-6)**

C o p y

if it qualifies under subsection (c).

(c) A school corporation may make a transfer from its general fund to its transportation fund if the amount of revenue loss from:

(1) the credits for excessive property taxes granted under IC 6-1.1-20.6-7.5 in the amount that affects the school corporation's transportation fund; plus

(2) allocations to the school transportation fund resulting from the granting of credits under IC 6-1.1-20.6-7.5 to protect the protected taxes as provided in IC 6-1.1-20.6-9.8;

is more than seventy-five percent (75%) of the school corporation's transportation fund levy for the year for which the latest certified levies have been determined. The amount of the transfer may not exceed fifty percent (50%) of revenue lost by the school corporation's transportation fund.

(d) A school corporation may make a transfer from its general fund to its school bus replacement fund (IC 20-40-7) if the revenue lost from:

(1) the credits for excessive property taxes granted under IC 6-1.1-20.6-7.5 in the amount that affects the school corporation's school bus replacement fund; plus

(2) allocations to the school bus replacement fund resulting from the granting of credits under IC 6-1.1-20.6-7.5 to protect the protected taxes as provided in IC 6-1.1-20.6-9.8;

is more than seventy-five percent (75%) of the school corporation's school bus replacement fund levy for the year for which the latest certified levies have been determined. The amount of the transfer may not exceed fifty percent (50%) of revenue lost by the school corporation's school bus replacement fund.

SECTION 18. IC 20-40-7-6, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. Except as otherwise provided by law, **including the exception for transfers permitted by IC 20-40-2-4(d),** the fund is the exclusive fund used to pay the following costs attributable to transportation:

(1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement.

(2) The costs of contracted transportation service payable from the fund under section 7 of this chapter.

SECTION 19. IC 20-40-9-6, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. **(a)** Money in the fund may be used for payment of the following:

C o p y

(1) All debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction.
(2) A lease to provide capital construction.
(3) Interest on emergency and temporary loans.
(4) All debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under IC 20-27-4-5, for that purpose.
(5) All debt and other obligations arising out of funds borrowed to pay judgments against the school corporation.
(6) All debt and other obligations arising out of funds borrowed to purchase equipment.

(b) A school corporation may before July 1, 2015, transfer excess money in the fund to the school corporation's transportation fund, if the transfer is approved by the distressed unit appeal board under IC 6-1.1-20.3-8.4.

SECTION 20. IC 20-48-1-2, AS AMENDED BY P.L.145-2012, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. (a) As used in this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement.

(b) This section applies to each school corporation that:
(1) did not issue bonds under IC 20-5-4-1.7 before its repeal; or
(2) issued bonds under IC 20-5-4-1.7 (repealed):
(A) before April 14, 2003; or
(B) after April 13, 2003, if an order approving the issuance of the bonds was issued by the department of local government finance before April 14, 2003.

(c) In addition to the purposes set forth in section 1 of this chapter, a school corporation described in subsection (b) may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions:
(1) The school corporation may issue bonds under this section only one (1) time.
(2) A school corporation described in subsection (b)(1) or (b)(2)(A) must issue the bonds before July 1, 2006.
(3) The solution to which the bonds are contributing must be

C o p y

reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001.

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

(A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-5-4-1.7 (before its repeal); or

(B) the remainder of:

(i) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7 (before its repeal); minus

(ii) the amount of bonds that the school corporation issued under IC 20-5-4-1.7 (before its repeal);

for a school corporation that issued bonds under IC 20-5-4-1.7 (repealed) as described in subsection (b)(2).

(5) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, and art association and historical society funds, as appropriate, in an amount equal to:

(A) the property tax levy needed for the debt service under this section; multiplied by

(B) the adjustment percentage set forth in subsection (f) or (g), as applicable.

The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(6) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section.

(d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

(f) This subsection applies only if the governing body of a school corporation adopts a resolution specifying that the adjustment percentages under this subsection apply to the school corporation. The adjustment percentage under this subsection is the following:

(1) For property taxes first due and payable in 2013, twenty-five percent (25%).

(2) For property taxes first due and payable in 2014, twenty-five percent (25%).

C o p y

(3) For property taxes first due and payable in 2015, twenty-five percent (25%).

~~(2)~~ **(4)** For property taxes first due and payable in ~~2014,~~ **2016,** fifty percent (50%).

~~(3)~~ **(5)** For property taxes first due and payable in ~~2015,~~ **2017,** seventy-five percent (75%).

~~(4)~~ **(6)** For property taxes first due and payable after ~~2015,~~ **2017,** one hundred percent (100%).

(g) If the governing body of a school corporation does not adopt a resolution specifying that the adjustment percentages under subsection (f) apply to the school corporation, the adjustment percentage is one hundred percent (100%).

SECTION 21. IC 36-1-11-3, AS AMENDED BY P.L.27-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) This section does not apply to the disposal of real property under section 5, 5.5, 5.9, ~~or~~ 8, **or 18** of this chapter.

(b) Disposal of real property under this chapter is subject to the approval of:

(1) the executive of the political subdivision or agency; or

(2) the fiscal body of the political subdivision or agency, if there is no executive.

The executive or fiscal body may not approve a disposal of property without conducting a public hearing after giving notice under IC 5-3-1. However, in a municipality the executive shall designate a board or commission of the municipality to give notice, conduct the hearing, and notify the executive of its recommendation.

(c) Except as provided in section 3.2 of this chapter, in addition, the fiscal body of a unit must approve:

(1) every sale of real property having an appraised value of fifty thousand dollars ($50,000) or more;

(2) every lease of real property for which the total annual rental payments will be twenty-five thousand dollars ($25,000) or more; and

(3) every transfer of real property under section 14 or 15 of this chapter.

SECTION 22. IC 36-1-11-4, AS AMENDED BY P.L.188-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) A disposing agent who wants to sell or transfer real property must comply with this section, except as permitted by section 4.1, 4.2, 5, 5.5, 5.7, 5.9, 8, 14, ~~or~~ 15, **or 18** of this chapter.

(b) The disposing agent shall first have the property appraised by

C o p y

two (2) appraisers. The appraisers must be:

(1) professionally engaged in making appraisals;

(2) licensed under IC 25-34.1; or

(3) employees of the political subdivision familiar with the value of the property.

(c) After the property is appraised, the disposing agent shall publish a notice in accordance with IC 5-3-1 setting forth the terms and conditions of the sale and, when subsection (e) is employed, may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and to conduct a public auction. The advertising conducted by the auctioneer is in addition to any other notice required by law and shall include a detailed description of the property to be sold stating the key numbers, if any, of the tracts within that property. If the disposing agent determines that the best sale of the property can be made by letting the bidders determine certain conditions of the sale (such as required zoning or soil or drainage conditions) as a prerequisite to purchasing the property, the disposing agent may permit the bidders to specify those conditions. The notice must state the following:

(1) Bids will be received beginning on a specific date.

(2) The sale will continue from day to day for a period determined by the disposing agent of not more than sixty (60) days.

(3) The property may not be sold to a person who is ineligible under section 16 of this chapter.

(4) A bid submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:

(A) beneficiary of the trust; and

(B) settlor empowered to revoke or modify the trust.

(d) A bid must be open to public inspection. A bidder may raise the bidder's bid, and subject to subsection (e), that raise takes effect after the board has given written notice of that raise to the other bidders.

(e) The disposing agent may also engage an auctioneer licensed under IC 25-6.1 to conduct a sale by public auction. The auction may be conducted either at the time for beginning the sale in accordance with the public notice or after the beginning of the sale. The disposing agent shall give each bidder who has submitted a bid written notice of the time and place of the auction.

(f) The disposing agent may, before expiration of the time set out in the notice, sell the property to the highest and best bidder. The highest and best bidder must have complied with any requirement under subsection (c)(4). However, the disposing agent may sell the property for less than ninety percent (90%) of the average of the two (2) appraisals of the tracts only after an additional notice stating the

C o p y

amount of the bid to be accepted is published in accordance with IC 5-3-1. The disposing agent may reject all bids. If the disposing agent rejects all bids, the disposing agent must make a written determination to reject all bids explaining why all bids were rejected.

(g) If the disposing agent determines that, in the exercise of good business judgment, the disposing agent should hire a broker or auctioneer to sell the property, the disposing agent may do so and pay the broker or auctioneer a reasonable compensation out of the gross proceeds of the sale. A disposing agent may hire a broker to sell real property directly rather than using the bid process under subsections (c) through (f) if:

(1) the disposing agent publishes a notice of the determination to hire the broker in accordance with IC 5-3-1; and

(2) the property has been up for bid for at least sixty (60) days before the broker is hired, and either no bids were received or the disposing agent has rejected all bids that were received.

The disposing agent may hire one (1) of the appraisers as the broker or auctioneer.

(h) The following apply if a broker is hired under subsection (g):

(1) The property may not be sold to a person who is ineligible under section 16 of this chapter.

(2) If the property is sold to a trust (as defined in IC 30-4-1-1(a)), the following information must be placed in the public record relating to the sale:

(A) Each beneficiary of the trust.

(B) Each settlor empowered to revoke or modify the trust.

SECTION 23. IC 36-1-11-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) A disposing agent who exchanges property must proceed under this section, except as permitted by section 8 **or 18** of this chapter.

(b) An exchange may be made with a person who is:

(1) not a governmental entity; and

(2) eligible under section 16 of this chapter;

only after advertisement following as nearly as practical the procedure prescribed by section 4 of this chapter, with the property the disposing agent conveys to be partial or full payment for the property the disposing agent receives.

SECTION 24. IC 36-1-11-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 18. (a) This section applies to a school corporation located in LaPorte County.**

(b) Notwithstanding any other law, a school corporation may

C o p y

transfer real property to any other governmental agency in exchange for services provided to the school corporation.

(c) This section constitutes the only authority necessary for a school corporation to make real property available for exchange under this section. A school corporation is not required to apply any additional procedures to an exchange made under this section.

SECTION 25. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "political subdivision" has the meaning set forth in IC 36-1-2-13.**

(b) The legislative council is urged to:

(1) assign to an interim study committee the study of the budgeting process for political subdivisions; and

(2) require a written report of the study committee's findings and recommendations before November 1, 2013.

(c) This SECTION expires January 1, 2014.

SECTION 26. [EFFECTIVE UPON PASSAGE] **(a) IC 6-1.1-17-22, as added by this act, applies to property taxes first due and payable after December 31, 2013.**

(b) IC 6-1.1-20.6-9.8 and IC 6-1.1-20.6-10, each as amended by this act, apply to property taxes first due and payable after December 31, 2012.

(c) This SECTION expires January 1, 2015.

SECTION 27. [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] **(a) This SECTION applies notwithstanding IC 6-1.1-10, IC 6-1.1-11, or any other law or administrative rule or provision.**

(b) This SECTION applies to the assessment date of March 1, 2009.

(c) As used in this SECTION, "eligible property" means the real property described in subsection (d).

(d) As used in this SECTION, "qualified taxpayer" refers to a taxpayer that:

(1) has leased property located in Marion County to the bureau of motor vehicles or the bureau of motor vehicles commission; and

(2) files before September 1, 2013, in a manner consistent with IC 6-1.1-36-1.5, a Form 136 property tax exemption application, along with any supporting documents, schedules, or attachments, claiming an exemption from real property taxes under IC 36-1-10-18 for property leased to the bureau of motor vehicles or bureau of motor vehicles commission

(e) A qualified taxpayer may, before September 1, 2013, file a

C o p y

property tax exemption application and supporting documents claiming a property tax exemption under this SECTION for the eligible property for the assessment date of March 1, 2009.

(f) A property tax exemption application filed under subsection (e) by a qualified taxpayer is considered to have been timely filed.

(g) The following apply if a qualified taxpayer demonstrates in the property tax exemption application filed under subsection (e) or by other means that the eligible property would have qualified for an exemption under IC 36-1-10-18 for the assessment date of March 1, 2009:

(1)The property tax exemption for the eligible property shall be allowed and granted for the assessment date of March 1, 2009, by the county assessor and county auditor of the county in which the eligible property is located.

(2) The qualified taxpayer is not required to pay any property taxes, penalties, or interest with respect to the eligible property for the March 1, 2009, assessment date.

(3) To the extent the qualified taxpayer has paid any property taxes, penalties, or interest with respect to the eligible property for the March 1, 2009, assessment date, the eligible taxpayer is entitled to a refund of the amounts paid.

(h) The exemption allowed by this SECTION shall be applied without need of any further ruling or action by the county assessor, the county auditor, or the county property tax assessment board of appeals of the county in which the eligible property is located or by the Indiana board of tax review.

(i) This SECTION expires July 1, 2017.

SECTION 28. **An emergency is declared for this act.**

C o p y

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 517, 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, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-1-5-2.5, AS AMENDED BY P.L.145-2012, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.5. (a) As used in this section, "eligible school corporation" means a school corporation (as defined in IC 36-1-2-17) that satisfies all the conditions required by this section.

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

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

(2) the annual debt service payment for the proposed refunding bonds;

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

(c) In order for a school corporation to be an eligible school corporation under this section, the school corporation must determine that the percentage computed under this subsection for the school corporation is at least twenty percent (20%), ~~before January 1, 2014, or at least thirty percent (30%) after December 31, 2013,~~ regarding the year for which the latest certified levies have been determined. A school corporation shall compute its percentage as follows:

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

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

(B) capital projects fund;

(C) transportation fund;

(D) school bus replacement fund; and

(E) racial balance fund.

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

(A) capital projects fund;

(B) transportation fund;

(C) school bus replacement fund; and

(D) racial balance fund.

C o p y

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

A school corporation that desires to be an eligible school corporation under this section must submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage computed under this subsection is correct. The department of local government finance shall, not later than ten (10) working days after the date the department receives the school corporation's request, certify the percentage computed under this subsection for the school corporation.

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

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

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

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

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

(2) The requirements of this subdivision do not apply to a school corporation that adopts a resolution under subsection (g) before January 1, 2014, and that has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. If the amount determined under subsection (c)(3) is:

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

(B) at least thirty percent (30%) but not more than forty-five

C o p y

percent (45%), the school corporation shall conduct a referendum on a public question regarding the bond refunding using the process for a referendum tax levy under IC 20-46-1 and the bond refunding must be approved by the eligible voters of the school corporation. The question to be submitted to the voters in the referendum must read as follows:

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

(3) The requirements of this subdivision apply to a school corporation that adopts a resolution under subsection (g) before January 1, 2014, and that has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. The school corporation must either:

(A) have the distressed unit appeal board approve the school corporation's financial plan for paying any refunding bonds issued under this section, as provided in subsection (e); or

(B) meet all of the following conditions:

(i) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the ten (10) highest among all school corporations.

(ii) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the ten (10) highest among all school corporations.

(iii) The amount of homestead assessed valuation in the school corporation for calendar year 2011 was at least sixty percent (60%) of the total amount of assessed valuation in the school corporation for calendar year 2011.

(e) A school corporation meets the requirement of subsection (d)(3)(A) if:

(1) the school corporation submits to the distressed unit appeal board the school corporation's financial plan for paying any refunding bonds issued under this section; and

(2) the distressed unit appeal board approves the plan after making a determination that the financial plan is feasible.

The distressed unit appeal board must either approve or disapprove the

C o p y

financial plan not more than sixty (60) days after the later of the date the school corporation submits the financial plan under this subsection or the date on which the department of local government finance certifies the percentage computed for the school corporation under subsection (c). The distressed unit appeal board may not unreasonably deny approval of a school corporation's financial plan under this subsection.

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

(g) A school corporation that desires to be an eligible school corporation under this section must, before ~~July 1, 2013,~~ **January 1, 2014,** and notwithstanding any other law, adopt a resolution that sets forth the following:

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

(2) The requirements of this subdivision do not apply to a resolution adopted under this subsection before January 1, 2014, if the school corporation has a percentage computed under subsection (c) that is at least twenty percent (20%), as certified by the department of local government finance. The result of the petition remonstrance process under subsection (d)(2)(A) or the result of the vote on the public question under subsection (d)(2)(B), whichever applies.

(3) A determination providing for the:

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

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

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

(A) The maximum principal amount.

(B) The maximum interest rate.

(C) The annual lease or debt service payment.

(D) The final maturity date.

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

(F) A finding that the annual debt service or lease payment on the refunding bonds will not increase the annual debt service or lease payment above the annual debt service or lease payment approved by the school corporation for the original

C o p y

project.

If the governing body adopts a resolution under this section, the governing body must publish notice of the adoption of the resolution as required by IC 5-3-1.

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

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

(j) If a school corporation described in subsection (d)(3)(B) issues refunding bonds as permitted by this section, the school corporation must, not more than sixty (60) days after the department of local government finance certifies the school corporation's percentage under subsection (c), report information concerning the refunding to the distressed unit appeal board. The distressed unit appeal board shall make a non-binding review with recommendations regarding the school's financial condition and operating practices.".

Page 7, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 5. IC 6-1.1-20.3-6, AS AMENDED BY P.L.145-2012, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The fiscal body and the executive of a political subdivision may jointly file a petition with the board seeking to have the political subdivision designated as a distressed political subdivision under this chapter.

(b) The governing body and the superintendent of a school corporation may **do any of the following:**

(1) Jointly file a petition with the board seeking relief under

C o p y

section 8.3 of this chapter.

(2) Jointly file a petition with the board seeking to have the school corporation designated as a distressed political subdivision under this chapter.

(3) Jointly file a petition with the board requesting authority to transfer before July 1, 2015, excess funds in the school corporation's debt service fund to the school corporation's transportation fund as provided in section 8.4 of this chapter.

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

SECTION 6. IC 6-1.1-20.3-6.5, AS ADDED BY P.L.145-2012, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.5. (a) After the board receives a petition concerning a political subdivision under section 6(a) **or 6(b)(2)** of this chapter, the board may designate the political subdivision as a distressed political subdivision if at least one (1) of the following conditions applies to the political subdivision:

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

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

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

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

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

(B) Transfer employer or employee contributions due under the Federal Insurance Contributions Act (FICA).

(C) Deposit the political subdivision's minimum obligation payment to a pension fund.

(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

C o p y

anticipated annual revenues; and

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

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

(8) The political subdivision has been severely affected, as determined by the board, as a result of granting the property tax credits under IC 6-1.1-20.6.

(9) In addition to the conditions listed in subdivisions (1) through (8), and in the case of a school corporation, the board may also designate a school corporation as a distressed political subdivision if at least one (1) of the following conditions applies:

(A) The school corporation has:

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

(ii) adopted a resolution under IC 5-1-5-2.5 making the determinations and including the information specified in IC 5-1-5-2.5(g).

(B) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's 2011 ADM ranks in the highest ten (10) among all school corporations.

(C) The ratio that the amount of the school corporation's debt (as determined in December 2010) bears to the school corporation's total assessed valuation for calendar year 2011 ranks in the highest ten (10) among all school corporations.

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

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.

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

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

(1) the treasurer of state; and

C o p y

(2) the county auditor and county treasurer of each county in which the distressed political subdivision is wholly or partially located;

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

SECTION 7. IC 6-1.1-20.3-7.5, AS ADDED BY P.L.145-2012, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. (a) This section does not apply to a school corporation designated **before July 1, 2013,** as a distressed political subdivision.

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

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

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

SECTION 8. IC 6-1.1-20.3-8.3, AS ADDED BY P.L.145-2012, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.3. After the board receives a petition concerning a school corporation under section ~~6(b)~~ **6(b)(1)** of this chapter, the board shall review the school corporation's request for a loan from the counter-cyclical revenue and economic stabilization fund under IC 6-1.1-21.4-3(b). The board shall make a recommendation to the state board of finance regarding the loan request. The board may consider whether a school corporation has attempted to secure temporary cash flow loans from the Indiana bond bank or a financial institution in making its recommendation.

SECTION 9. IC 6-1.1-20.3-8.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.4. (a) After the board receives a petition concerning a school corporation under section 6(b)(3) of this chapter, the board shall review the school corporation's request for the authority to transfer excess funds in the school corporation's debt service fund to the school corporation's transportation fund. The board shall make a determination regarding:**

(1) whether the school corporation may transfer excess funds in the school corporation's debt service fund to the school corporation's transportation fund; and

C o p y

(2) if a transfer is approved under subdivision (1), the amount of excess funds that may be transferred from the school corporation's debt service fund to the school corporation's transportation fund.

(b) The board may not approve a transfer of excess funds from the school corporation's debt service fund to the school corporation's transportation fund if the transfer will occur after June 30, 2015.

(c) This section expires July 1, 2015.

SECTION 10. IC 6-1.1-20.3-8.5, AS ADDED BY P.L.145-2012, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) This section does not apply to **a** school ~~corporations.~~ **corporation designated before July 1, 2013, as a distressed political subdivision.**

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

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

(2) Review the political subdivision's budget.

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

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

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

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

(7) Review existing labor contracts.

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

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

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

C o p y

(A) A contract.
(B) An expenditure.
(C) A loan.
(D) The creation of any new position.
(E) The filling of any vacant position.

(11) Submit a written report to the board every three (3) months concerning:

(A) actions taken by the emergency manager;
(B) expenditures made by the distressed political subdivision; and
(C) the work that has been done to remove the distressed political subdivision from distressed status.

(12) Petition the board to terminate a political subdivision's status as a distressed political subdivision when the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision.

(c) An emergency manager of a distressed political subdivision appointed under section 7.5 of this chapter may do the following:

(1) Renegotiate existing labor contracts and act as an agent of the political subdivision in collective bargaining.
(2) Reduce or suspend salaries of the political subdivision's employees.
(3) Enter into agreements with other political subdivisions for the provision of services.

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

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

SECTION 11. IC 6-1.1-20.3-10, AS AMENDED BY P.L.145-2012, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. A distressed political subdivision may petition the tax court for judicial review of a determination of the board under section 6.5 of this chapter. **A school corporation may also petition the tax court for judicial review of a determination of the board under section 8.4 of this chapter.** The action must be taken to the tax court under IC 6-1.1-15 in the same manner that an action is taken to appeal a final determination of the Indiana board of tax review. The petition must be filed in the tax court not more than forty-five (45) days after the board enters its final determination.

C o p y

SECTION 12. IC 6-1.1-20.3-13, AS ADDED BY P.L.145-2012, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) If:

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

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

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

(A) employs a new superintendent; or

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

during the time the school corporation is a distressed political subdivision;

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

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

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

Page 8, between lines 26 and 27, begin a new paragraph and insert:

"SECTION 15. IC 20-40-2-4, AS AMENDED BY P.L.145-2012, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) Except as provided by subsection (b) or any other law, any lawful school expenses payable from any other fund of a school corporation, including debt service and capital outlay, may be budgeted in and paid from the fund.

(b) Before January 1, 2018, costs attributable to transportation (as defined in IC 20-40-6-1) may be budgeted in and paid from the fund. After December 31, 2017, costs attributable to transportation (as

C o p y

defined in IC 20-40-6-1) may not be budgeted in and paid from the fund. **After June 30, 2013, a school corporation may also transfer money from its general fund to its transportation fund (IC 20-40-6) if it qualifies under subsection (c).**

(c) A school corporation may make a transfer from its general fund to its transportation fund if the amount of revenue loss from:

(1) the credits for excessive property taxes granted under IC 6-1.1-20.6-7.5 in the amount that affects the school corporation's transportation fund; plus

(2) allocations to the school transportation fund resulting from the granting of credits under IC 6-1.1-20.6-7.5 to protect the protected taxes as provided in IC 6-1.1-20.6-9.8;

is more than seventy-five percent (75%) of the school corporation's transportation fund levy for the year for which the latest certified levies have been determined. The amount of the transfer may not exceed fifty percent (50%) of revenue lost by the school corporation's transportation fund.

(d) A school corporation may make a transfer from its general fund to its school bus replacement fund (IC 20-40-7) if the revenue lost from:

(1) the credits for excessive property taxes granted under IC 6-1.1-20.6-7.5 in the amount that affects the school corporation's school bus replacement fund; plus

(2) allocations to the school bus replacement fund resulting from the granting of credits under IC 6-1.1-20.6-7.5 to protect the protected taxes as provided in IC 6-1.1-20.6-9.8;

is more than seventy-five percent (75%) of the school corporation's school bus replacement fund levy for the year for which the latest certified levies have been determined. The amount of the transfer may not exceed fifty percent (50%) of revenue lost by the school corporation's school bus replacement fund.

SECTION 16. IC 20-40-7-6, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. Except as otherwise provided by law, **including the exception for transfers permitted by IC 20-40-2-4(d),** the fund is the exclusive fund used to pay the following costs attributable to transportation:

(1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement.

(2) The costs of contracted transportation service payable from the fund under section 7 of this chapter.

SECTION 17. IC 20-40-9-6, AS ADDED BY P.L.2-2006,

C o p y

SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. **(a)** Money in the fund may be used for payment of the following:

(1) All debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction.

(2) A lease to provide capital construction.

(3) Interest on emergency and temporary loans.

(4) All debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under IC 20-27-4-5, for that purpose.

(5) All debt and other obligations arising out of funds borrowed to pay judgments against the school corporation.

(6) All debt and other obligations arising out of funds borrowed to purchase equipment.

(b) A school corporation may before July 1, 2015, transfer excess money in the fund to the school corporation's transportation fund, if the transfer is approved by the distressed unit appeal board under IC 6-1.1-20.3-8.4.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 517 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 11, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 517, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 11, line 28, delete "twenty-five percent" and insert "**the sum of:**

(1) fifty percent (50%) of the amount budgeted for the ensuing year for debt service on debt incurred before January 1, 2009; plus

(2) twenty-five percent (25%) of the amount budgeted for the

C o p y

ensuing year for debt service on debt incurred after December 31, 2008.

Property taxes described in this section may not be construed as an increase in a political subdivision's property tax levy to make up for a reduction in property tax collections required by IC 6-1.1-20.6-9.5.".

Page 11, delete lines 29 through 30.

Page 17, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 13. IC 6-1.1-20.6-9.8, AS AMENDED BY P.L.137-2012, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.8. (a) This section applies to property taxes first due and payable after December 31, 2009.

(b) The following definitions apply throughout this section:

(1) "Debt service obligations of a political subdivision" refers to:

(A) the principal and interest payable during a calendar year on bonds; and

(B) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(2) "Protected taxes" refers to the following:

(A) Property taxes that are exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or another law.

(B) Property taxes imposed by a political subdivision to pay for debt service obligations of a political subdivision that are not exempted from the application of a credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) of this chapter or any other law. Property taxes described in this subsection are subject to the credit granted under section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or 7.5(c) **of this chapter** regardless of their designation as protected taxes.

(3) "Unprotected taxes" refers to property taxes that are not protected taxes.

(c) ~~The total amount collected from protected taxes shall be allocated to the fund for which the protected taxes were imposed as if no credit were granted under section 7 or 7.5 of this chapter.~~ The total amount of the loss in revenue resulting from the granting of credits under section 7 or 7.5 of this chapter must reduce ~~only~~ the amount of

C o p y

protected and unprotected property taxes distributed to a fund in proportion to the ~~unprotected rate tax~~ **property tax levy** imposed for that fund relative to the total of all **protected and** unprotected ~~tax rates~~ **property tax levies** imposed by the ~~taxing unit.~~ **political subdivision.**

SECTION 14. IC 6-1.1-20.6-10, AS AMENDED BY P.L.137-2012, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) As used in this section, "debt service obligations of a political subdivision" refers to:

(1) the principal and interest payable during a calendar year on bonds; and

(2) lease rental payments payable during a calendar year on leases;

of a political subdivision payable from ad valorem property taxes.

(b) Political subdivisions are required by law to fully fund the payment of their debt obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property tax collections due to the application of tax credits granted under this chapter. **A political subdivision shall pay its debt service obligations from its debt service fund. If the amount deposited in a debt service fund is reduced as a result of the application of a credit granted under this chapter below the amount needed to meet the debt service obligations of a political subdivision as the obligations come due, the political subdivision may transfer money from one (1) or more of the political subdivision's other funds to its debt service fund.**

(c) Upon the failure of a political subdivision to pay any of the political subdivision's debt service obligations during a calendar year when due, the treasurer of state, upon being notified of the failure by a claimant, shall pay the unpaid debt service obligations that are due from money in the possession of the state that would otherwise be available for distribution to the political subdivision under any other law, deducting the payment from the amount distributed. A deduction under this subsection must be made:

(1) first from distributions of county adjusted gross income tax distributions under IC 6-3.5-1.1, county option income tax distributions under IC 6-3.5-6, or county economic development income tax distributions under IC 6-3.5-7 that would otherwise be distributed to the county under the schedule in IC 6-3.5-1.1-10, IC 6-3.5-1.1-21.1, IC 6-3.5-6-16, IC 6-3.5-6-17.3, IC 6-3.5-7-17, and IC 6-3.5-7-17.3; and

(2) second from any other undistributed funds of the political subdivision in the possession of the state.

C o p y

(d) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each political subdivision are paid when due. However, this section does not create a debt of the state.".

Delete page 18.

Page 19, delete lines 1 through 7.

Page 20, delete lines 38 through 42, begin a new paragraph and insert:

"SECTION 18. IC 20-48-1-2, AS AMENDED BY P.L.145-2012, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. (a) As used in this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement.

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

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

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

(A) before April 14, 2003; or

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

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

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

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

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

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

(A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-5-4-1.7 (before its repeal); or

(B) the remainder of:

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

C o p y

school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7 (before its repeal); minus (ii) the amount of bonds that the school corporation issued under IC 20-5-4-1.7 (before its repeal);

for a school corporation that issued bonds under IC 20-5-4-1.7 (repealed) as described in subsection (b)(2).

(5) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, and art association and historical society funds, as appropriate, in an amount equal to:

(A) the property tax levy needed for the debt service under this section; multiplied by

(B) the adjustment percentage set forth in subsection (f) or (g), as applicable.

The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(6) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section.

(d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

(f) This subsection applies only if the governing body of a school corporation adopts a resolution specifying that the adjustment percentages under this subsection apply to the school corporation. The adjustment percentage under this subsection is the following:

(1) For property taxes first due and payable in 2013, twenty-five percent (25%).

(2) For property taxes first due and payable in 2014, twenty-five percent (25%).

(3) For property taxes first due and payable in 2015, twenty-five percent (25%).

~~(2)~~ **(4)** For property taxes first due and payable in ~~2014,~~ **2016,** fifty percent (50%).

~~(3)~~ **(5)** For property taxes first due and payable in ~~2015,~~ **2017,** seventy-five percent (75%).

~~(4)~~ **(6)** For property taxes first due and payable after ~~2015,~~ **2017,** one hundred percent (100%).

(g) If the governing body of a school corporation does not adopt a resolution specifying that the adjustment percentages under subsection

C o p y

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

SECTION 19. IC 36-1-11-3, AS AMENDED BY P.L.27-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) This section does not apply to the disposal of real property under section 5, 5.5, 5.9, ~~or~~ 8, **or 18** of this chapter.

(b) Disposal of real property under this chapter is subject to the approval of:

(1) the executive of the political subdivision or agency; or

(2) the fiscal body of the political subdivision or agency, if there is no executive.

The executive or fiscal body may not approve a disposal of property without conducting a public hearing after giving notice under IC 5-3-1. However, in a municipality the executive shall designate a board or commission of the municipality to give notice, conduct the hearing, and notify the executive of its recommendation.

(c) Except as provided in section 3.2 of this chapter, in addition, the fiscal body of a unit must approve:

(1) every sale of real property having an appraised value of fifty thousand dollars ($50,000) or more;

(2) every lease of real property for which the total annual rental payments will be twenty-five thousand dollars ($25,000) or more; and

(3) every transfer of real property under section 14 or 15 of this chapter.

SECTION 20. IC 36-1-11-4, AS AMENDED BY P.L.188-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) A disposing agent who wants to sell or transfer real property must comply with this section, except as permitted by section 4.1, 4.2, 5, 5.5, 5.7, 5.9, 8, 14, ~~or~~ 15, **or 18** of this chapter.

(b) The disposing agent shall first have the property appraised by two (2) appraisers. The appraisers must be:

(1) professionally engaged in making appraisals;

(2) licensed under IC 25-34.1; or

(3) employees of the political subdivision familiar with the value of the property.

(c) After the property is appraised, the disposing agent shall publish a notice in accordance with IC 5-3-1 setting forth the terms and conditions of the sale and, when subsection (e) is employed, may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and to conduct a public auction. The advertising conducted by the

C o p y

auctioneer is in addition to any other notice required by law and shall include a detailed description of the property to be sold stating the key numbers, if any, of the tracts within that property. If the disposing agent determines that the best sale of the property can be made by letting the bidders determine certain conditions of the sale (such as required zoning or soil or drainage conditions) as a prerequisite to purchasing the property, the disposing agent may permit the bidders to specify those conditions. The notice must state the following:

(1) Bids will be received beginning on a specific date.

(2) The sale will continue from day to day for a period determined by the disposing agent of not more than sixty (60) days.

(3) The property may not be sold to a person who is ineligible under section 16 of this chapter.

(4) A bid submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:

(A) beneficiary of the trust; and

(B) settlor empowered to revoke or modify the trust.

(d) A bid must be open to public inspection. A bidder may raise the bidder's bid, and subject to subsection (e), that raise takes effect after the board has given written notice of that raise to the other bidders.

(e) The disposing agent may also engage an auctioneer licensed under IC 25-6.1 to conduct a sale by public auction. The auction may be conducted either at the time for beginning the sale in accordance with the public notice or after the beginning of the sale. The disposing agent shall give each bidder who has submitted a bid written notice of the time and place of the auction.

(f) The disposing agent may, before expiration of the time set out in the notice, sell the property to the highest and best bidder. The highest and best bidder must have complied with any requirement under subsection (c)(4). However, the disposing agent may sell the property for less than ninety percent (90%) of the average of the two (2) appraisals of the tracts only after an additional notice stating the amount of the bid to be accepted is published in accordance with IC 5-3-1. The disposing agent may reject all bids. If the disposing agent rejects all bids, the disposing agent must make a written determination to reject all bids explaining why all bids were rejected.

(g) If the disposing agent determines that, in the exercise of good business judgment, the disposing agent should hire a broker or auctioneer to sell the property, the disposing agent may do so and pay the broker or auctioneer a reasonable compensation out of the gross proceeds of the sale. A disposing agent may hire a broker to sell real property directly rather than using the bid process under subsections (c)

C o p y

through (f) if:

(1) the disposing agent publishes a notice of the determination to hire the broker in accordance with IC 5-3-1; and

(2) the property has been up for bid for at least sixty (60) days before the broker is hired, and either no bids were received or the disposing agent has rejected all bids that were received.

The disposing agent may hire one (1) of the appraisers as the broker or auctioneer.

(h) The following apply if a broker is hired under subsection (g):

(1) The property may not be sold to a person who is ineligible under section 16 of this chapter.

(2) If the property is sold to a trust (as defined in IC 30-4-1-1(a)), the following information must be placed in the public record relating to the sale:

(A) Each beneficiary of the trust.

(B) Each settlor empowered to revoke or modify the trust.

SECTION 21. IC 36-1-11-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) A disposing agent who exchanges property must proceed under this section, except as permitted by section 8 **or 18** of this chapter.

(b) An exchange may be made with a person who is:

(1) not a governmental entity; and

(2) eligible under section 16 of this chapter;

only after advertisement following as nearly as practical the procedure prescribed by section 4 of this chapter, with the property the disposing agent conveys to be partial or full payment for the property the disposing agent receives.

SECTION 22. IC 36-1-11-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 18. (a) This section applies to a school corporation located in LaPorte County.**

(b) Notwithstanding any other law, a school corporation may transfer real property to any other governmental agency in exchange for services provided to the school corporation.

(c) This section constitutes the only authority necessary for a school corporation to make real property available for exchange under this section. A school corporation is not required to apply any additional procedures to an exchange made under this section.

SECTION 23. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "political subdivision" has the meaning set forth in IC 36-1-2-13.**

(b) The legislative council is urged to:

C o p y

(1) assign to an interim study committee the study of the budgeting process for political subdivisions; and

(2) require a written report of the study committee's findings and recommendations before November 1, 2013.

(c) This SECTION expires January 1, 2014.

SECTION 24 [EFFECTIVE UPON PASSAGE] **(a) IC 6-1.1-17-22, as added by this act, applies to property taxes first due and payable after December 31, 2013.**

(b) IC 6-1.1-20.6-9.8 and IC 6-1.1-20.6-10, each as amended by this act, apply to property taxes first due and payable after December 31, 2012.

(c) This SECTION expires January 1, 2015.".

Page 21, delete lines 1 through 39.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 517 as printed February 15, 2013.)

BROWN T, Chair

Committee Vote: yeas 18, nays 0.

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 517 be amended to read as follows:

Page 26, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 25. [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] **(a) This SECTION applies notwithstanding IC 6-1.1-10, IC 6-1.1-11, or any other law or administrative rule or provision.**

(b) This SECTION applies to the assessment date of March 1, 2009.

(c) As used in this SECTION, "eligible property" means the real property described in subsection (d).

(d) As used in this SECTION, "qualified taxpayer" refers to a taxpayer that:

(1) has leased property located in Marion County to the bureau of motor vehicles or the bureau of motor vehicles commission; and

(2) files before September 1, 2013, in a manner consistent with IC 6-1.1-36-1.5, a Form 136 property tax exemption

C o p y

application, along with any supporting documents, schedules, or attachments, claiming an exemption from real property taxes under IC 36-1-10-18 for property leased to the bureau of motor vehicles or bureau of motor vehicles commission

(e) A qualified taxpayer may, before September 1, 2013, file a property tax exemption application and supporting documents claiming a property tax exemption under this SECTION for the eligible property for the assessment date of March 1, 2009.

(f) A property tax exemption application filed under subsection (e) by a qualified taxpayer is considered to have been timely filed.

(g) The following apply if a qualified taxpayer demonstrates in the property tax exemption application filed under subsection (e) or by other means that the eligible property would have qualified for an exemption under IC 36-1-10-18 for the assessment date of March 1, 2009:

(1)The property tax exemption for the eligible property shall be allowed and granted for the assessment date of March 1, 2009, by the county assessor and county auditor of the county in which the eligible property is located.

(2) The qualified taxpayer is not required to pay any property taxes, penalties, or interest with respect to the eligible property for the March 1, 2009, assessment date.

(3) To the extent the qualified taxpayer has paid any property taxes, penalties, or interest with respect to the eligible property for the March 1, 2009, assessment date, the eligible taxpayer is entitled to a refund of the amounts paid.

(h) The exemption allowed by this SECTION shall be applied without need of any further ruling or action by the county assessor, the county auditor, or the county property tax assessment board of appeals of the county in which the eligible property is located or by the Indiana board of tax review.

(i) This SECTION expires July 1, 2017.".

Renumber all SECTIONS consecutively.

(Reference is to ESB 517 as printed April 5, 2013.)

TORR

C o p y

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 517 be amended to read as follows:

Page 11, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 5. IC 6-1.1-18-12.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 12.6. (a) As used in this section,"qualified town" means the town of Goodland in Newton County.**

(b) Before July 1, 2013, the department shall calculate and certify to the fiscal body of a qualified town the result of:

(1) the amount of the property tax levy that could have been imposed for property taxes first due and payable in 2013, if the qualified town had imposed the maximum property tax levy that would have been permitted by law if the qualified town had properly submitted its budget and property tax levy information to the department; minus

(2) the amount of the property tax levy approved by the department under IC 6-1.1-17 for property taxes first due and payable in calendar year 2013, after reducing the qualified town's budget and property tax levy because the qualified town's budget and property tax levy information were improperly submitted to the department.

(c) After receiving the certifications required under subsection (b), the fiscal body of the qualified town may adopt an ordinance authorizing the town to borrow money from a financial institution to replace part or all of the amount certified under subsection (b).

(d) If a qualified town receives a loan under this section, the fiscal officer of the qualified town shall deposit the loan in each fund affected by the reduction of the qualified town's budget and property tax levy. The amount deposited may be used for any of the lawful purposes of that fund.

(e) If a qualified town borrows money under subsection (c), the qualified town shall impose a property tax levy in calendar year 2014 for the qualified town's debt service fund to repay the total amount borrowed. The property tax levy under this subsection must be treated as protected taxes (as defined in IC 6-1.1-20.6-9.8).".

Renumber all SECTIONS consecutively.

(Reference is to ESB 517 as printed April 5, 2013.)

NEGELE

C o p y

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 517 be amended to read as follows:

Page 19, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 14. IC 13-21-3-13.5, AS AMENDED BY P.L.37-2012, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 13.5. (a) At the end of each year the district shall prepare, on a form designed by the department of local government finance, a report that is accessible through the computer gateway administered by the office of technology established by IC 4-13.1-2-1 and that provides the following information:

(1) For each fund that contains district money:

(A) the cash balance at the end of the year;

(B) a list of all encumbrances on the fund that the district is legally obligated to pay;

(C) a copy of documentation that supports each encumbrance listed in clause (B);

(D) the fund balance obtained by subtracting the amount under clause (B) from the amount under clause (A);

(E) the total expenditures from the fund for the year; and

(F) any other financial information required by the department.

(2) The total of all fund balances calculated under subdivision (1)(D).

(3) The total of all fund expenditures reported under subdivision (1)(E).

(4) Any programmatic information required by the department.

(5) The total amount of expenditures by the district for the year.

(6) The per capita expenditures by the district for the year.

(7) The amount of expenditures by the district for the year for personnel costs.

(8) The amount of expenditures by the district for the year for program costs (excluding personnel costs).

(9) The total amount of solid waste (in tons) disposed of in the district for the year for which the district is directly responsible.

(10) The total amount of recycling (in tons) carried out in the district in the year for which the district is directly responsible.

(b) The district shall provide the report prepared under subsection (a):

(1) to the department and to the department of local government finance in a format prescribed by the department; and

(2) to the legislative council in an electronic format under

C o p y

IC 5-14-6;

by ~~February~~ **March** 1 of the year following the year for which the report is made.

(c) The district shall publish the annual report prepared under subsection (a) on an Internet web site maintained by the district or on the Internet web sites maintained by the counties that are members of the district.".

Renumber all SECTIONS consecutively.

(Reference is to ESB 517 as printed April 5, 2013.)

WOLKINS

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 517 be amended to read as follows:

Page 11, delete lines 29 through 34, begin a new line block indented and insert:

"**(1) fifty percent (50%) of the amount budgeted for the ensuing year for debt service:**

(A) on debt incurred before January 1, 2009; or

(B) on debt incurred after December 31, 2008, but before July 1, 2013, if a bond payment is due in the first ten (10) days of a calendar year; plus

(2) twenty-five percent (25%) of the amount budgeted for the ensuing year for debt service:

(A) on debt incurred after December 31, 2008, but before July 1, 2013, if the debt is not subject to subdivision (1)(B); or

(B) on debt incurred after June 30, 2013.".

(Reference is to ESB 517 as printed April 5, 2013.)

LEONARD

C o p y