

Adopted	Rejected
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## COMMITTEE REPORT

YES:	18
NO:	0

### 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:*

- 1           Page 11, line 28, delete "twenty-five percent" and insert "**the sum**
- 2           **of:**
- 3           **(1) fifty percent (50%) of the amount budgeted for the**
- 4           **ensuing year for debt service on debt incurred before January**
- 5           **1, 2009; plus**
- 6           **(2) twenty-five percent (25%) of the amount budgeted for the**
- 7           **ensuing year for debt service on debt incurred after December**
- 8           **31, 2008.**
- 9           **Property taxes described in this section may not be construed as an**
- 10          **increase in a political subdivision's property tax levy to make up**
- 11          **for a reduction in property tax collections required by**
- 12          **IC 6-1.1-20.6-9.5."**
- 13          Page 11, delete lines 29 through 30.
- 14          Page 17, delete lines 30 through 42, begin a new paragraph and
- 15          insert:

1 "SECTION 13. IC 6-1.1-20.6-9.8, AS AMENDED BY  
 2 P.L.137-2012, SECTION 35, IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.8. (a) This  
 4 section applies to property taxes first due and payable after December  
 5 31, 2009.

6 (b) The following definitions apply throughout this section:

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

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

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

12 of a political subdivision payable from ad valorem property taxes.

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

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

18 (B) Property taxes imposed by a political subdivision to pay  
 19 for debt service obligations of a political subdivision that are  
 20 not exempted from the application of a credit granted under  
 21 section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b), or  
 22 7.5(c) of this chapter or any other law. Property taxes  
 23 described in this subsection are subject to the credit granted  
 24 under section 7 or 7.5 of this chapter by section 7(b), 7(c),  
 25 7.5(b), or 7.5(c) **of this chapter** regardless of their designation  
 26 as protected taxes.

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

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

38 SECTION 14. IC 6-1.1-20.6-10, AS AMENDED BY P.L.137-2012,

1 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 UPON PASSAGE]: Sec. 10. (a) As used in this section, "debt service  
3 obligations of a political subdivision" refers to:

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

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

8 of a political subdivision payable from ad valorem property taxes.

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

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

29 (1) first from distributions of county adjusted gross income tax  
30 distributions under IC 6-3.5-1.1, county option income tax  
31 distributions under IC 6-3.5-6, or county economic development  
32 income tax distributions under IC 6-3.5-7 that would otherwise be  
33 distributed to the county under the schedule in IC 6-3.5-1.1-10,  
34 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,  
35 and IC 6-3.5-7-17.3; and

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

38 (d) This section shall be interpreted liberally so that the state shall

1 to the extent legally valid ensure that the debt service obligations of  
 2 each political subdivision are paid when due. However, this section  
 3 does not create a debt of the state."

4 Delete page 18.

5 Page 19, delete lines 1 through 7.

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

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

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

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

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

18 (A) before April 14, 2003; or

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

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

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

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

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

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

37 (A) two percent (2%) of the true tax value of property in the  
 38 school corporation, for a school corporation that did not issue

- 1 bonds under IC 20-5-4-1.7 (before its repeal); or
- 2 (B) the remainder of:
- 3 (i) two percent (2%) of the true tax value of property in the
- 4 school corporation as of the date that the school corporation
- 5 issued bonds under IC 20-5-4-1.7 (before its repeal); minus
- 6 (ii) the amount of bonds that the school corporation issued
- 7 under IC 20-5-4-1.7 (before its repeal);
- 8 for a school corporation that issued bonds under IC 20-5-4-1.7
- 9 (repealed) as described in subsection (b)(2).
- 10 (5) Each year that a debt service levy is needed under this section,
- 11 the school corporation shall reduce the total property tax levy for
- 12 the school corporation's transportation, school bus replacement,
- 13 capital projects, and art association and historical society funds,
- 14 as appropriate, in an amount equal to:
- 15 (A) the property tax levy needed for the debt service under this
- 16 section; multiplied by
- 17 (B) the adjustment percentage set forth in subsection (f) or (g),
- 18 as applicable.
- 19 The property tax rate for each of these funds shall be reduced
- 20 each year until the bonds are retired.
- 21 (6) The school corporation shall establish a separate debt service
- 22 fund for repayment of the bonds issued under this section.
- 23 (d) Bonds issued for the purpose described in this section shall be
- 24 issued in the same manner as other bonds of the school corporation.
- 25 (e) Bonds issued under this section are not subject to the petition
- 26 and remonstrance process under IC 6-1.1-20 or to the limitations
- 27 contained in IC 36-1-15.
- 28 (f) This subsection applies only if the governing body of a school
- 29 corporation adopts a resolution specifying that the adjustment
- 30 percentages under this subsection apply to the school corporation. The
- 31 adjustment percentage under this subsection is the following:
- 32 (1) For property taxes first due and payable in 2013, twenty-five
- 33 percent (25%).
- 34 **(2) For property taxes first due and payable in 2014,**
- 35 **twenty-five percent (25%).**
- 36 **(3) For property taxes first due and payable in 2015,**
- 37 **twenty-five percent (25%).**
- 38 ~~(2)~~ **(4) For property taxes first due and payable in 2014, 2016,**

1 fifty percent (50%).

2 ~~(3)~~ **(5)** For property taxes first due and payable in ~~2015~~, **2017**,  
3 seventy-five percent (75%).

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

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

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

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

- 16 (1) the executive of the political subdivision or agency; or  
17 (2) the fiscal body of the political subdivision or agency, if there  
18 is no executive.

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

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

- 26 (1) every sale of real property having an appraised value of fifty  
27 thousand dollars (\$50,000) or more;  
28 (2) every lease of real property for which the total annual rental  
29 payments will be twenty-five thousand dollars (\$25,000) or more;  
30 and  
31 (3) every transfer of real property under section 14 or 15 of this  
32 chapter.

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

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

- 3 (1) professionally engaged in making appraisals;
- 4 (2) licensed under IC 25-34.1; or
- 5 (3) employees of the political subdivision familiar with the value  
6 of the property.

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

- 20 (1) Bids will be received beginning on a specific date.
- 21 (2) The sale will continue from day to day for a period determined  
22 by the disposing agent of not more than sixty (60) days.
- 23 (3) The property may not be sold to a person who is ineligible  
24 under section 16 of this chapter.
- 25 (4) A bid submitted by a trust (as defined in IC 30-4-1-1(a)) must  
26 identify each:
  - 27 (A) beneficiary of the trust; and
  - 28 (B) settlor empowered to revoke or modify the trust.

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

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

38 (f) The disposing agent may, before expiration of the time set out in

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

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

- 17 (1) the disposing agent publishes a notice of the determination to
- 18 hire the broker in accordance with IC 5-3-1; and
- 19 (2) the property has been up for bid for at least sixty (60) days
- 20 before the broker is hired, and either no bids were received or the
- 21 disposing agent has rejected all bids that were received.

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

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

- 25 (1) The property may not be sold to a person who is ineligible
- 26 under section 16 of this chapter.
- 27 (2) If the property is sold to a trust (as defined in IC 30-4-1-1(a)),
- 28 the following information must be placed in the public record
- 29 relating to the sale:

30 (A) Each beneficiary of the trust.

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

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

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

- 37 (1) not a governmental entity; and
- 38 (2) eligible under section 16 of this chapter;

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

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

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

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

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

19 **(b) The legislative council is urged to:**

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

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

24 **(c) This SECTION expires January 1, 2014.**

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

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

- 1       **(c) This SECTION expires January 1, 2015."**
- 2       Page 21, delete lines 1 through 39.
- 3       Renumber all SECTIONS consecutively.  
(Reference is to SB 517 as printed February 15, 2013.)

**and when so amended that said bill do pass.**

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Representative Brown T