
HOUSE BILL No. 1454

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-1-8-5.1.

Synopsis: Local government rainy day funds. Removes a provision allowing a political subdivision to transfer not more than 10% of its annual budget to its rainy day fund. Provides that unused and unencumbered funds from any fiscal year and certain specified sources may be transferred to the rainy day fund at any time. Provides that unobligated cash balances from any fiscal year and sources not specified by statute may be transferred to the rainy day fund if the amount of the transfer is specified in an ordinance or resolution establishing the rainy day fund and the transfer is not more than 10% of the political subdivision's annual budget.

Effective: July 1, 2013.

Candelaria Reardon

January 22, 2013, read first time and referred to Committee on Local Government.

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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.

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HOUSE BILL No. 1454



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:

- 1 SECTION 1. IC 36-1-8-5.1, AS AMENDED BY P.L.53-2011,
- 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2013]: Sec. 5.1. (a) A political subdivision may establish a
- 4 rainy day fund by the adoption of:
- 5 (1) an ordinance, in the case of a county, city, or town; or
- 6 (2) a resolution, in the case of any other political subdivision.
- 7 (b) An ordinance or a resolution adopted under this section must
- 8 specify the following:
- 9 (1) The purposes of the rainy day fund.
- 10 (2) The sources of funding for the rainy day fund, which may
- 11 include the following:
- 12 (A) Unused and unencumbered funds under:
- 13 (i) section 5 of this chapter;
- 14 (ii) IC 6-3.5-1.1-21.1;
- 15 (iii) IC 6-3.5-6-17.3; or
- 16 (iv) IC 6-3.5-7-17.3.
- 17 (B) Any other funding source:



- 1 (i) specified in the ordinance or resolution adopted under
 2 this section; and
 3 (ii) not otherwise prohibited by law.
- 4 (c) The rainy day fund is subject to the same appropriation process
 5 as other funds that receive tax money.
- 6 (d) In any fiscal year, a political subdivision may, **at any time, do**
 7 **the following:**
 8 transfer under section 5 of this chapter not more than ten percent
 9 (10%) of the political subdivision's total annual budget for that
 10 fiscal year; adopted under IC 6-1.1-17; **(1) Transfer any unused**
 11 **and unencumbered funds specified in subsection (b)(2)(A)**
 12 **from any fiscal year to the rainy day fund.**
 13 **(2) Transfer any other unobligated cash balances from any**
 14 **fiscal year that are not otherwise identified in subsection**
 15 **(b)(2)(A) or section 5 of this chapter to the rainy day fund as**
 16 **long as the transfer satisfies the following requirements:**
 17 **(A) The amount of the transfer is identified in an**
 18 **ordinance or resolution establishing the rainy day fund.**
 19 **(B) The amount of the transfer is not more than ten**
 20 **percent (10%) of the political subdivision's total annual**
 21 **budget adopted under IC 6-1.1-17 for that fiscal year.**
- 22 (e) A political subdivision may use only the funding sources
 23 specified in subsection (b)(2)(A) or in the ordinance or resolution
 24 establishing the rainy day fund. The political subdivision may adopt a
 25 subsequent ordinance or resolution authorizing the use of another
 26 funding source.
- 27 (f) The department of local government finance may not reduce the
 28 actual or maximum permissible levy of a political subdivision as a
 29 result of a balance in the rainy day fund of the political subdivision.
- 30 (g) A county, city, or town may at any time, by ordinance or
 31 resolution, transfer to:
 32 (1) its general fund; or
 33 (2) any other appropriated funds of the county, city, or town;
 34 money that has been deposited in the rainy day fund of the county, city,
 35 or town.

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