

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1585 be amended to read as follows:

- 1 Page 3, delete lines 7 through 12, begin a new paragraph and insert:
2 "SECTION 2. IC 6-1.1-20.3-6.5, AS ADDED BY P.L.145-2012,
3 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2013]: Sec. 6.5. (a) After the board receives a petition
5 concerning a political subdivision under section 6(a) of this chapter,
6 the board may designate the political subdivision as a distressed
7 political subdivision if at least one (1) of the following conditions
8 applies to the political subdivision:
9 (1) The political subdivision has defaulted in payment of principal
10 or interest on any of its bonds or notes.
11 (2) The political subdivision has failed to make required
12 payments to payroll employees for thirty (30) days or two (2)
13 consecutive payrolls.
14 (3) The political subdivision has failed to make required
15 payments to judgment creditors for sixty (60) days beyond the
16 date of the recording of the judgment.
17 (4) The political subdivision, for at least thirty (30) days beyond
18 the due date, has failed to do any of the following:
19 (A) Forward taxes withheld on the incomes of employees.
20 (B) Transfer employer or employee contributions due under
21 the Federal Insurance Contributions Act (FICA).
22 (C) Deposit the political subdivision's minimum obligation
23 payment to a pension fund.
24 (5) The political subdivision has accumulated a deficit equal to
25 eight percent (8%) or more of the political subdivision's revenues.
26 For purposes of this subdivision, "deficit" means a negative fund
27 balance calculated as a percentage of revenues at the end of a
28 budget year for any governmental or proprietary fund. The
29 calculation must be presented on an accrual basis according to
30 generally accepted accounting principles.

- 1 (6) The political subdivision has sought to negotiate a resolution
 2 or an adjustment of claims that in the aggregate:
 3 (A) exceed thirty percent (30%) of the political subdivision's
 4 anticipated annual revenues; and
 5 (B) are ninety (90) days or more past due.
- 6 (7) The political subdivision has carried over interfund loans for
 7 the benefit of the same fund at the end of two (2) successive
 8 years.
- 9 (8) The political subdivision has been severely affected, as
 10 determined by the board, as a result of granting the property tax
 11 credits under IC 6-1.1-20.6.
- 12 (9) In addition to the conditions listed in subdivisions (1) through
 13 (8), and in the case of a school corporation, the board may also
 14 designate a school corporation as a distressed political
 15 subdivision if at least one (1) of the following conditions applies:
 16 (A) The school corporation has:
 17 (i) issued refunding bonds under IC 5-1-5-2.5; or
 18 (ii) adopted a resolution under IC 5-1-5-2.5 making the
 19 determinations and including the information specified in
 20 IC 5-1-5-2.5(g).
- 21 (B) The ratio that the amount of the school corporation's debt
 22 (as determined in December 2010) bears to the school
 23 corporation's 2011 ADM ranks in the highest ten (10) among
 24 all school corporations.
- 25 (C) The ratio that the amount of the school corporation's debt
 26 (as determined in December 2010) bears to the school
 27 corporation's total assessed valuation for calendar year 2011
 28 ranks in the highest ten (10) among all school corporations.
- 29 (D) The amount of homestead assessed valuation in the school
 30 corporation for calendar year 2011 was at least sixty percent
 31 (60%) of the total amount of assessed valuation in the school
 32 corporation for calendar year 2011.
- 33 **(10) The political subdivision meets the conditions of section**
 34 **6.7(b) of this chapter.**
- 35 The board may consider whether a political subdivision has fully
 36 exercised all the local options available to the political subdivision,
 37 such as a local option income tax or a local option income tax rate
 38 increase or, in the case of a school corporation, an operating
 39 referendum.
- 40 (b) If the board designates a political subdivision as distressed under
 41 subsection (a), the board shall review the designation annually to
 42 determine if the distressed political subdivision meets at least one (1)
 43 of the conditions listed in subsection (a).
- 44 (c) If the board designates a political subdivision as a distressed
 45 political subdivision under subsection (a), the board shall immediately
 46 notify:

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

5 that the board has designated the political subdivision as a distressed
6 political subdivision."

7 Page 3, delete lines 36 through 42, begin a new paragraph and
8 insert:

9 **"(c) The fiscal body and the executive of a township that meets**
10 **the conditions of subsection (b) may file a petition with the board**
11 **under section 6(a) of this chapter seeking to have the township**
12 **designated as a distressed political subdivision under section**
13 **6.5(a)(10) of this chapter."**

14 Page 4, delete lines 1 through 13.

15 Page 5, line 28, after "13(d)" insert **"through 13(g)"**.

16 Page 5, delete lines 36 through 42, begin a new paragraph and
17 insert:

18 "SECTION 5. IC 6-1.1-20.3-13, AS ADDED BY P.L.145-2012,
19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2013]: Sec. 13. (a) If:

- 21 (1) an emergency manager of a distressed political subdivision
- 22 that is not a school corporation;
- 23 (2) the fiscal body and executive of the political subdivision
- 24 jointly; or
- 25 (3) the governing body of a school corporation that:
- 26 (A) employs a new superintendent; or
- 27 (B) has a new member elected or appointed to its governing
- 28 body;
- 29 during the time the school corporation is a distressed political
- 30 subdivision;

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

35 (b) **Except as provided in subsection (c)**, the board shall terminate
36 the political subdivision's status as a distressed political subdivision if
37 the board finds that the conditions found in section 6.5 of this chapter
38 are no longer applicable to the political subdivision.

39 (c) **In the case of a township designated as a distressed political**
40 **subdivision under section 6.5(a)(10) of this chapter, the board shall**
41 **terminate the township's status as a distressed political subdivision**
42 **if the board finds that the township's township assistance property**
43 **tax rate (as defined in section 6.7(a) of this chapter) for the current**
44 **calendar year is not more than the result of:**

- 45 (1) **the statewide average township assistance property tax**
- 46 **rate (as determined by the department of local government**

1 **finance) for property taxes first due and payable in that same**
 2 **year; multiplied by**
 3 **(2) twelve (12).**

4 ~~(c)~~ **(d)** Notwithstanding any other section of this chapter, not later
 5 than ninety (90) days after taking office, a new executive of a distressed
 6 political subdivision may petition the board for suspension of the
 7 political subdivision's distressed status.

8 **(e) Except as provided in subsection (f),** the executive must
 9 include in its petition a written plan to resolve the applicable issues
 10 described in section 6.5 of this chapter.

11 **(f) In the case of a township designated as a distressed political**
 12 **subdivision under section 6.5(a)(10) of this chapter, the executive**
 13 **must include in its petition a written plan to lower the township's**
 14 **township assistance property tax rate (as defined in section 6.7(a)**
 15 **of this chapter).**

16 **(g)** If the board approves the executive's written plan, the board may
 17 suspend the political subdivision's distressed status for one hundred
 18 eighty (180) days. Suspension under this chapter terminates
 19 automatically upon expiration of the one hundred eighty (180) day
 20 period. The board may consider a petition to terminate the political
 21 subdivision's distressed status during a period of suspension."

22 Delete page 6.

23 Page 7, delete lines 1 through 10.

24 Renumber all SECTIONS consecutively.

(Reference is to EHB 1585 as printed March 29, 2013.)

Senator ROGERS