

## **IC 20-49-2**

Chapter 2. Administration of Veterans Memorial School Construction Fund; School Disaster Loan Fund

### **IC 20-49-2-1**

#### **"Advancement"**

Sec. 1. As used in this chapter, "advancement" refers to an advance payment to a school corporation under this chapter.

*As added by P.L.2-2006, SEC.172.*

### **IC 20-49-2-2**

#### **Establishment of fund**

Sec. 2. The veterans memorial school construction fund is established. The state board shall administer the fund.

*As added by P.L.2-2006, SEC.172.*

### **IC 20-49-2-3**

#### **Duties; state board**

Sec. 3. (a) The state board shall carry out this chapter.

(b) The state superintendent shall, from funds appropriated for administering this chapter, provide office space and employees to enable the state board to perform the duties required under this chapter.

(c) The state board may adopt rules under IC 4-22-2 necessary for the proper administration of the veterans memorial school construction fund and for carrying out this chapter.

*As added by P.L.2-2006, SEC.172.*

### **IC 20-49-2-4**

#### **Powers; advancements to school corporations; purposes**

Sec. 4. Subject to this chapter, the state board may order the auditor of state to periodically make an advancement from the state general fund for the construction, remodeling, or repair of school buildings to any school corporation.

*As added by P.L.2-2006, SEC.172.*

### **IC 20-49-2-5**

#### **Limitation; total loans from fund**

Sec. 5. The state board may not order advancements under this chapter during any fiscal year that in total exceed the sum of:

- (1) the balance remaining in the veterans memorial school construction fund at the end of the preceding fiscal year; and
- (2) all accruals and transfers to the veterans memorial school construction fund.

*As added by P.L.2-2006, SEC.172.*

### **IC 20-49-2-6**

#### **Limitations on eligibility for advancement**

Sec. 6. A school corporation is not entitled to an advancement under this chapter under the following circumstances:

(1) An advancement may not be made to any organized joint school district or to any school corporation within any organized joint school district when the advancement is to be used in connection with the enlargement or construction of a joint school.

(2) An advancement may not be made to a school corporation whose average resident enrollment in:

- (A) grades 1 through 8 is less than thirty (30) per grade; or
- (B) grades 9 through 12 is less than two hundred seventy (270);

in the proposed school building to be built.

(3) A school corporation is not entitled to an advancement if:

- (A) the school corporation has used the maximum amount allowable under the Constitution of the State of Indiana and Indiana law for the construction of school facilities; and
- (B) more than thirty-five percent (35%) of the total cost of the facilities has been to build or enlarge a gymnasium, an auditorium, or an athletic facility.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-7**

##### **Required compliance with chapter**

Sec. 7. All advancements made by the state board must comply with this chapter.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-8**

##### **Limitations on purposes of advancements**

Sec. 8. An advancement may not be made for:

- (1) any purpose other than the construction, remodeling, or repairing of school buildings and classrooms; or
- (2) gymnasiums, auditoriums, or any athletic facilities.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-9**

##### **Maximum advancement; nonemergency**

Sec. 9. A nondisaster advancement to any school corporation under section 10 of this chapter may not exceed two hundred fifty thousand dollars (\$250,000). However, this dollar limitation is waived if:

- (1) the school corporation has an assessed valuation per ADA of less than eight thousand four hundred dollars (\$8,400); and
- (2) the school corporation's debt service fund tax rate would exceed one dollar (\$1) for each one hundred dollars (\$100) of assessed valuation without a waiver of the dollar limitation.

*As added by P.L.2-2006, SEC.172. Amended by P.L.182-2009(ss), SEC.360.*

#### **IC 20-49-2-10**

##### **Restrictions on nonemergency advancements**

Sec. 10. The state board shall make nondisaster advancements to school corporations under this chapter only when the following conditions exist:

(1) The school buildings and classrooms of any school corporation are not adequate for the proper education of the students in that public school or school corporation, and the school corporation is unable to finance the construction, remodeling, or repair of the necessary classrooms under existing debt and tax limitations without undue financial hardship.

(2) The school corporation has issued its bonds to construct, remodel, or repair schools and school buildings in ninety percent (90%) of the maximum amount allowable under the Constitution of the State of Indiana and Indiana law.

(3) The school corporation does not have funds available for the construction, remodeling, or repair of school buildings and classrooms sufficient to meet the requirements for the proper education of the school corporation's students.

(4) The school corporation has established and maintained a property tax levy in the amount of at least sixteen and sixty-seven hundredths cents (\$0.1667) on each one hundred dollars (\$100) of taxable property within the school corporation for school building purposes continuously for three (3) years before the time when the school corporation makes an application to the state board for an advancement.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-11**

##### **Disaster loans; maximum advancement**

Sec. 11. (a) The state board may make a disaster loan to a school corporation that has suffered loss by fire, flood, windstorm, or other disaster that makes all or part of the school building or buildings unfit for school purposes as described in IC 20-26-7-29 through IC 20-26-7-34.

(b) A loan made under this section may not exceed three million dollars (\$3,000,000). The school corporation shall repay the loan within twenty (20) years at an annual interest rate of one percent (1%) of the unpaid balance.

(c) The amounts repaid by school corporations under subsection (b) shall be deposited in a fund to be known as the school disaster loan fund. The money remaining in the school disaster loan fund at the end of a state fiscal year does not revert to the state general fund. The state board may use the money in the school disaster loan fund only to make disaster loans to school corporations under this section.

(d) Sections 13, 14, and 15 of this chapter do not apply to loans made under this section.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-12**

##### **Application procedures**

Sec. 12. Any school corporation desiring to obtain an advancement under this chapter shall submit to the state board a verified application stating:

- (1) the existing condition concerning the need for money to be used to construct, remodel, or repair a school building in the school corporation;
- (2) the amount of money needed; and
- (3) any other information requested by the state board.

*As added by P.L.2-2006, SEC.172.*

### **IC 20-49-2-13**

#### **Calculations; school building index; tax ability**

Sec. 13. (a) The state board shall compute and assign to the applicant school corporation a school building index that is the ratio of the school building need, in terms of money, to the school corporation's tax ability, in terms of money.

(b) For purposes of this section, the school building need, in terms of money, of a school corporation is the amount determined under STEP FOUR of the following formula:

STEP ONE: Add the ADA of students in grades 1 through 12 of the school corporation during the current school year in which application for an advancement is made and twice the ADA increase of the school corporation for the preceding three (3) years. However, the state board may make adjustments to reflect the effect of changes of boundary lines, loss of transfer students, or loss of resident students to private, parochial, or cooperative program schools within the three (3) year period.

STEP TWO: Divide the STEP ONE amount by twenty-five (25) to determine the number of classrooms needed to house the estimated enrollment increase.

STEP THREE: Subtract from the STEP TWO amount the number of classrooms that:

- (A) are owned, under a lease-rental arrangement, or under construction in the school corporation; and
- (B) were constructed for and normally used for classroom purposes at the time of making application for an advancement.

However, there shall not be subtracted classrooms in a building or buildings found to be inadequate for the proper education of students under standards and procedures prescribed by the state board or that have been condemned under IC 20-26-7-29 through IC 20-26-7-34 and that are to be replaced by funds applied for.

STEP FOUR: Multiply the STEP THREE amount by twenty thousand dollars (\$20,000).

(c) For purposes of this section, the school corporation's tax ability, in terms of money, is the amount determined under STEP TWO of the following formula:

STEP ONE: Determine six and one-half percent (6 1/2%) of the adjusted value of taxable property in a school corporation as

determined under IC 36-1-15-4 for state and county taxes immediately preceding the date of application.

STEP TWO: Subtract from the STEP ONE amount the sum of the following:

(A) The principal amount of any outstanding general obligation bonds of the school corporation.

(B) The principal amount of outstanding obligations of any corporation or holding company that has entered into a lease-rental agreement with the applicant school corporation.

(C) The principal amount of outstanding civil township, town, or city school building bonds.

If the school corporation's tax ability is less than one hundred dollars (\$100), the school corporation's tax ability is considered for purposes of this section as being one hundred dollars (\$100).

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-14**

##### **Prioritizing nonemergency loans**

Sec. 14. School corporations having the highest school building index must be considered first for advancements. The advancements must be made in descending order of need as shown by the school building index. The state board, after giving consideration to the:

(1) relative order of the various applicant school corporations with regard to the school building index;

(2) matters and facts that are required to be considered under this chapter; and

(3) intent and purposes of this chapter;

shall make an advancement to the various school corporations for the purpose of construction, remodeling, or repairing in the amounts that are found by the state board to be necessary to enable the school corporations to provide for the classrooms and school buildings necessary and required to place the educational facilities of the school corporations on as nearly a uniform and relatively adequate basis as possible.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-15**

##### **Repayment of advancement; state tuition support**

Sec. 15. (a) An advancement under this chapter is not an obligation of the school corporation within the meaning of the limitation against indebtedness under the Constitution of the State of Indiana. This chapter does not relieve the governing body of a school corporation of any obligation under Indiana law to qualify the school corporation for state tuition support. The school corporation must perform all the acts necessary to obtain state tuition support payments.

(b) A school corporation receiving an advancement under this chapter shall agree to have the total amount of the money advanced plus one percent (1%) of the outstanding balance deducted from the distribution of state tuition support:

- (1) for a period not to exceed twenty (20) years; or
- (2) until all the money advanced plus one percent (1%) has been deducted.

(c) The state board shall reduce the amount of each distribution of state tuition support to any school corporation that has received an advancement under this chapter in an amount to be agreed upon between the state board and the school corporation. The amount must include one percent (1%) on the balance of the advancement. However, if a school corporation:

- (1) has received an advancement or advancements to replace a building or buildings under this chapter; and
- (2) has not abandoned the building or buildings for classroom purposes upon completion of the classrooms for which the application for funds has been made;

the state board may amend the amount of the deductions. The amended deduction may include all state tuition support payable to the school corporation.

(d) If an advancement:

- (1) has been previously made under this chapter; and
- (2) was to be repaid within a period of less than twenty (20) years;

the receiving school corporation and the state board may renegotiate the agreement for repayment. The new agreement may provide any period of repayment by the receiving school corporation as long as the period does not exceed twenty (20) years from the date of the original advancement.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-16**

##### **Power; levy to replace amount deducted from state tuition support**

Sec. 16. A school corporation receiving an advancement under this chapter may annually levy a tax in the debt service fund to replace the amount deducted in the current year from the distribution of state tuition support under this chapter. The amount received from the tax shall be transferred from the debt service fund to the general fund.

*As added by P.L.2-2006, SEC.172.*

#### **IC 20-49-2-17**

##### **Transfer between funds; amount of advancements**

Sec. 17. (a) The auditor of state shall on December 31 and June 30 of each year transfer from the veterans memorial school construction fund to the state general fund the total amount of money advanced by the state board from the state general fund to school corporations under this chapter.

(b) The auditor of state shall at the time of a distribution of state tuition support transfer to the veterans memorial school construction fund an amount equal to the amount withheld from the distribution to school corporations that have received advancements under this chapter.

*As added by P.L.2-2006, SEC.172.*

**IC 20-49-2-18**

**Duty; erection of plaque**

Sec. 18. Each school corporation that receives funds under this chapter shall provide a suitable plaque of a permanent nature commemorating the veterans who served in the armed forces of the United States. The plaque must be in a form recommended by the state board.

*As added by P.L.2-2006, SEC.172.*