HOUSE BILL No. 1995

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-8-9; IC 4-30-17-2; IC 5-3-1-3; IC 6-1.1; IC 6-2.5; IC 6-3-2-1; IC 6-3-8-4.1; IC 6-3.1-2-1; IC 6-3.5; IC 20; IC 21; IC 23-13-5-8; IC 32-9-1.5-16; IC 36-1-2-2; IC 36-1-15-3; IC 36-7-15.1-26.9; P.L.50-1996.

Synopsis: Elimination of property tax for schools. Eliminates the authority of a school corporation to impose a property tax levy for school purposes, excluding property tax levies imposed by the school corporation for a public library, historical society, or art association. Allows a school corporation to impose a local income tax for education of not more than 1.2%. Increases the sales tax to 6%. Increases the adjusted gross income tax on corporations to 4.4% and the supplemental net income tax on corporations to 6.0%. Provides a state tuition support formula equal to the difference between the school corporation's expenditure limit and the amount that the school corporation can raise from a local income tax for education of 1.2%. Establishes the state emergency reserve fund and transfers money from

(Continued next page)

Effective: July 1, 1999; January 1, 2000; July 1, 2000; January 1, 2001; March 1, 2001; March 2, 2001; July 1, 2001; January 1, 2002.

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January 27, 1999, read first time and referred to Committee on Ways and Means.

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Digest Continued

the state general fund to the state emergency reserve fund. Makes conforming changes to convert the school budget year from a calendar year to a school year. Eliminates state and local property tax replacement credit and homestead credit distributions to school corporations.

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Introduced

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

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HOUSE BILL No. 1995

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

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

SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. Any qualified entity receiving a loan under this chapter may levy an annual tax on personal and real property located within its geographical limits for industrial development purposes, in addition to any other tax authorized by statute to be levied for such purposes, at such rate as will produce sufficient revenue to pay the annual installment and interest on any loan made under this chapter. Such a tax may be in addition to the maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5, ~~IC 6-1.1-19,~~ and other statutes.

SECTION 2. IC 4-30-17-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. As used in this chapter, "eligible applicant" means the following:

(1) Any entity with the authority to impose ad valorem property taxes **or school corporation (as defined in IC 36-1-2-17),** except

townships, including counties, cities, towns, special taxing districts, school corporations, and any other entity that is granted by statute or ordinance a right to impose user fees or charges (referred to as political subdivisions in this chapter) as long as the application is signed by the executive of the political subdivision.

(2) The state, as long as the application is signed by the governor.

(3) State funded institutions of higher education, as long as the application is approved by the higher education commission.

SECTION 3. IC 5-3-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town, showing the same by funds and appropriations as is provided for by IC 36-2-2-19 for the executive of each county.

(b) Not earlier than ~~August~~ **February** 1 or later than ~~August~~ **February** 15 of each year, the secretary of each school corporation in Indiana shall publish an annual financial report.

(c) In the annual financial report the school corporation shall include the following:

(1) Actual receipts and expenditures by major accounts as compared to the budget advertised ~~under IC 6-1.1-17-3~~ for the prior ~~calendar~~ **budget** year.

(2) The salary schedule for all certificated employees (as defined in IC 20-7.5-1-2) as of June 30, with the number of employees at each salary increment. However, the listing of salaries of individual teachers is not required.

(3) The extracurricular salary schedule as of June 30 **of the prior school year.**

(4) The range of rates of pay for all noncertificated employees by specific classification.

(5) The number of employees who are full-time certificated, part-time certificated, full-time noncertificated, and part-time noncertificated.

(6) The lowest, highest, and average salary for the administrative staff and the number of administrators without a listing of the names of particular administrators.

(7) The number of students enrolled at each grade level and the total enrollment.

(8) **For reports covering periods before July 1, 2000,** the assessed valuation of the school corporation for the prior and current calendar year.

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(9) **For reports covering periods before July 1, 2000,** the tax rate for each fund for the prior and current calendar year, **and for reports covering periods after June 31, 2000, the tax rate under IC 6-3.5-9.**

(10) In the general fund, capital projects fund, and transportation fund, a report of the total payment made to each vendor for the specific fund in excess of two thousand five hundred dollars ($2,500) during the prior ~~calendar~~ **budget** year. However, a school corporation is not required to include more than two hundred (200) vendors whose total payment to each vendor was in excess of two thousand five hundred dollars ($2,500). A school corporation shall list the vendors in descending order from the vendor with the highest total payment to the vendor with the lowest total payment above the minimum listed in this subdivision.

(11) A statement providing that the contracts, vouchers, and bills for all payments made by the school corporation are in its possession and open to public inspection.

(12) The total indebtedness as of the end of the prior ~~calendar~~ **budget** year showing the total amount of notes, bonds, certificates, claims due, total amount due from such corporation for public improvement assessments or intersections of streets, and any and all other evidences of indebtedness outstanding and unpaid at the close of the prior ~~calendar~~ **budget** year.

(d) The school corporation may provide an interpretation or explanation of the information included in the financial report.

(e) The department of education shall do the following:

(1) Develop guidelines for the preparation and form of the financial report.

(2) Provide information to assist school corporations in the preparation of the financial report.

(f) The annual reports required by this section and IC 36-2-2-19 and the abstract required by IC 36-6-4-13 shall each be published one (1) time only, in accordance with this chapter.

(g) Each school corporation shall submit to the department of education a copy of the financial report required under this section. The department of education shall make the financial reports available for public inspection.

SECTION 4. IC 6-1.1-17-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget

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year as follows:

(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.

(2) The fiscal body of a second class city, not later than September 30.

~~(3) The board of school trustees or board of school commissioners of a school city or town, not later than the time required in section 5.1 of this chapter.~~

~~(4)~~ **(3)** The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) ~~This subsection does not apply to a school corporation.~~ Each year at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment within two (2) days after the ordinances are signed by the

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executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

SECTION 5. IC 6-1.1-17-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 8. (a) If the county board of tax adjustment determines that the maximum aggregate tax rate permitted within a political subdivision under IC ~~1971,~~ 6-1.1-18 is inadequate, the county board shall ~~subject to the limitations prescribed in IC, 1971, 6-1.1-19-2,~~ file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

(1) an analysis of the aggregate tax rate within the political subdivision;

(2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and

(3) any other information which the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the state board of tax commissioners and shall retain the other copy in ~~his~~ **the county auditor's** office. The state board of tax commissioners shall, in the manner prescribed in section 16 of this chapter, review the budgets, tax rates, and tax levies of the political subdivisions described in subsection (a)(2) of this section.

SECTION 6. IC 6-1.1-17-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the state board of tax commissioners may revise, reduce, or increase a political subdivision's budget, tax rate, or tax levy which the board reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the state board of tax commissioners may review, revise, reduce, or increase the budget, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsection (i), before the state board of tax commissioners reviews, revises, reduces, or increases a political subdivision's budget, tax rate, or tax levy under this section, the board must hold a public hearing on the budget, tax rate, and tax levy. The board shall hold the hearing in the county in which the political subdivision is located. The board may consider the budgets, tax rates, and tax levies of several political subdivisions at the same public

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hearing. At least five (5) days before the date fixed for a public hearing, the board shall give notice of the time and place of the hearing and of the budgets, levies, and tax rates to be considered at the hearing. The board shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the board shall publish the notice in that newspaper.

(d) Except as provided in subsection (h) ~~IC 6-1.1-19,~~ or IC 6-1.1-18.5, the state board of tax commissioners may not increase a political subdivision's budget, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. The state board of tax commissioners shall give the political subdivision written notification specifying any revision, reduction, or increase the state board of tax commissioners proposes in a political subdivision's tax levy or tax rate. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the state board of tax commissioners' Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or department. The state board of tax commissioners shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The state board of tax commissioners may make a revision, a reduction, or an increase in a political subdivision's budget only in the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(e) The state board of tax commissioners may not approve a levy for lease payments by a city, town, county, **or** library ~~or school corporation~~ if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

(1) no bonds of the building corporation are outstanding; or

(2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The action of the state board of tax commissioners on a budget, tax rate, or tax levy is final. The board shall certify its action to:

(1) the county auditor; and

(2) the political subdivision if the state board acts pursuant to an appeal initiated by the political subdivision.

(g) The state board of tax commissioners is expressly directed to complete the duties assigned to it under this section not later than February ~~15th~~ **15** of each year for taxes to be collected during that year.

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(h) Subject to the provisions of all applicable statutes, the state board of tax commissioners may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the state board of tax commissioners.

~~(i) The state board of tax commissioners shall annually review the budget of each school corporation not later than April 1. The state board of tax commissioners shall give the school corporation written notification specifying any revision, reduction, or increase the state board of tax commissioners proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.~~

SECTION 7. IC 6-1.1-17-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 17. Subject to the limitations contained in ~~IC 6-1.1-19 and~~ IC 6-1.1-18.5, the state board of tax commissioners may at any time increase the tax rate and tax levy of a political subdivision for the following reasons:

(1) To pay the principal or interest upon a funding, refunding, or judgment funding obligation of a political subdivision.

(2) To pay the interest or principal upon an outstanding obligation of the political subdivision.

(3) To pay a judgment rendered against the political subdivision.

(4) To pay lease rentals that have become an obligation of the political subdivision under IC 21-5-11 or IC 21-5-12.

SECTION 8. IC 6-1.1-17-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 19. If there is a conflict between the provisions of this chapter and the provisions of ~~IC 6-1.1-19 or~~ IC 6-1.1-18.5, the provisions of ~~the latter two (2) chapters~~ **IC 6-1.1-18.5** control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 9. IC 6-1.1-18-3 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all

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political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) one dollar and twenty-five cents ($1.25) on each one hundred dollars ($100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) two dollars ($2) on each one hundred dollars ($100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix **property** tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision **for a property tax levy** shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the county welfare fund, the county welfare administration fund, for public welfare services, or the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(c) Except as otherwise provided in ~~IC 6-1.1-19 or~~ IC 6-1.1-18.5, a county board of tax adjustment, a county auditor, or the state board of tax commissioners may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that

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subsection.

SECTION 10. IC 6-1.1-18-3 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents ($0.4167) on each one hundred dollars ($100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents ($0.6667) on each one hundred dollars ($100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix **property** tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision **for a property tax levy** shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the county welfare fund, the county welfare administration fund, for public welfare services, or the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(c) Except as otherwise provided in ~~IC 6-1.1-19 or~~ IC 6-1.1-18.5, a

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county board of tax adjustment, a county auditor, or the state board of tax commissioners may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 11. IC 6-1.1-18-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 11. If there is a conflict between the provisions of this chapter and the provisions of ~~IC 6-1.1-19 or~~ IC 6-1.1-18.5, the provisions of ~~the latter two (2) chapters~~ **IC 6-1.1-18.5** control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 12. IC 6-1.1-20-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1.1. As used in this chapter, "controlled project" means any project financed by bonds or a lease, except for the following:

(1) A project for which the political subdivision reasonably expects to pay:

(A) debt service; or

(B) lease rentals;

from funds other than property taxes that are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~ A project is not a controlled project even though the political subdivision has pledged to levy property taxes to pay the debt service or lease rentals if those other funds are insufficient.

(2) A project that will not obligate the political subdivision to more than two million dollars ($2,000,000) in debt service or lease rentals.

(3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.

(4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) A project that is required by a court order holding that a federal law mandates the project.

SECTION 13. IC 6-1.1-20-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1.3. As used in this chapter, "lease" means a lease by a political subdivision of any controlled project with lease rentals payable from property taxes that are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~

SECTION 14. IC 6-1.1-20-3.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3.2. If a sufficient

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petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property within the political subdivision. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition or remonstrance forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real property;

(B) the carrier must be a signatory on at least one (1) petition;

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(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and

(D) govern the closing date for the petition and remonstrance period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property within the political subdivision.

(6) If a greater number of owners of real property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and

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remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the state board of tax commissioners required by IC 6-1.1-18.5-8. ~~or IC 6-1.1-19-8.~~

SECTION 15. IC 6-1.1-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals

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described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 for a racial balance fund; plus

(iii) IC 20-14-13 for a library capital projects fund; plus

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(iv) IC 20-5-17.5-3 for an art association fund; plus

(v) IC 21-2-17 for a special education preschool fund; plus

~~(vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus~~

~~(vii)~~ **(vi)** an appeal filed under IC 6-1.1-19-5.4 **(repealed July 1, 2000)** for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

~~(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5(a) STEP ONE or any other law; minus~~

~~(I)~~ **(H)** for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(5) filed after December 31, 1982; or

(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

~~(J)~~ **(I)** for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

~~(K)~~ **(J)** for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is

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included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

SECTION 16. IC 6-1.1-21.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid before January 1, 2000.

(b) The loan shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or ~~IC 6-1.1-19.~~ **from distributions under IC 21-3-1.7-9.** The payment of any installment of principal constitutes a first charge against such property tax revenues **or distributions** as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~

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(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

SECTION 17. IC 6-1.1-21.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 6. (a) Except as specifically provided in subsection (c), the receipt by the qualified taxing unit of either the loan proceeds or any payment of delinquent tax owed by a taxpayer in bankruptcy, or both, is not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

(b) The loan proceeds and any payment of delinquent tax may be expended by the qualified taxing unit only to pay debts of the qualified taxing unit that have been incurred pursuant to duly adopted appropriations approved by the state board of tax commissioners for operating expenses.

(c) In the event the sum of the receipts of the qualified taxing unit that are attributable to:

(1) the loan proceeds; and

(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding initially filed in 1986 and payable in respect to the second installment of taxes due and payable in November 1986, and in respect to taxes due and payable in 1987;

exceeds eleven million nine hundred thousand dollars ($11,900,000), the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17. ~~or IC 6-1.1-19-1.7.~~ In calculating the payment of property taxes as provided in subdivision (2), the amount of property tax credit ~~finanally~~ **finally** allowed under IC 6-1.1-21-5 in respect to such taxes is deemed to be a payment of such property taxes.

(d) As used in this section, "delinquent tax" means any tax owed by a taxpayer in a bankruptcy proceeding initially filed in 1986 and that is not paid during the calendar year for which it was first due and payable.

SECTION 18. IC 6-1.1-21.7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 6. (a) A taxing unit may apply for a loan under this chapter.

(b) A taxing unit qualifies for a loan under this chapter for a fund if:

(1) the United States Congress limits or terminates its authorization for a taxing unit to impose a property tax on a taxpayer;

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(2) the lost revenue for at least one (1) fund, as determined under section 10, STEP THREE of this chapter, is at least five percent (5%) of the property tax revenues for the fund that the taxing unit would have received in the current year if the United States Congress had not limited or terminated payments from the taxpayer to the taxing unit, as determined under section 10, STEP TWO of this chapter; and

(3) the taxing unit appeals to the state board of tax commissioners for emergency financial relief under this chapter in the same manner as an appeal for emergency relief under IC 6-1.1-18.5-12. ~~or IC 6-1.1-19-4.1.~~

However, the appeal required under subdivision (3) may be filed at any time.

(c) A taxing unit may receive a loan to replace lost revenue only for the first five (5) years in which the taxing unit loses revenue as a result of an act of the United States Congress described in subsection (b)(1).

SECTION 19. IC 6-1.1-21.7-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 14. Loan proceeds received under this chapter may not be considered to be a levy excess under IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

SECTION 20. IC 6-1.1-29-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. (a) A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, ~~IC 6-1.1-19,~~ IC 12-19-3, IC 12-19-7, ~~IC 21-2-14,~~ IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) A tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

SECTION 21. IC 6-1.1-30-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. (a) The state board of tax commissioners shall select the following employees in the manner prescribed in this section:

(1) field representatives;

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(2) supervisors; **and**

(3) employees who are selected to work in the board's division of tax review. ~~and~~

~~(4) employees who are selected to perform the duties assigned to the board under IC 1971, 6-1.1-34.~~

(b) The state board of tax commissioners shall select each employee described in subsection (a) of this section from a list of applicants who have passed an open, competitive examination ~~which~~ **that** tests ~~his~~ **an individual's** qualifications for the position. The board shall announce the time and place of the examination in the public press before the examination is held and shall conduct the examination. The examination must be practical, and it must be related to those matters which fairly test an individual's qualifications for the position.

(c) The state board of tax commissioners shall:

(1) select field representatives and supervisors so that no more than one-half (1/2) of all those employees belong to any one (1) political party;

(2) select, as nearly as possible, the employees described in subsection (a)(3) ~~of this section~~ so that no more than one-half (1/2) of all those employees belong to any one (1) political party; and

(3) select, as nearly as possible, the employees described in subsection (a)(4) ~~of this section~~ so that no more than one-half (1/2) of those employees belong to any one (1) political party.

SECTION 22. IC 6-1.1-42-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 10. A designating body that adopts a resolution under section 9 of this chapter, shall do the following:

(1) Publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1.

(2) File the following information with each taxing unit that has authority to levy property taxes in the geographic area where the zone is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement containing substantially the same information as a statement of benefits filed with the designating body under section 6 of this chapter.

The notice must state that a description of the affected area is available and can be inspected in the county assessor's office. The notice must also name a date when the designating body will receive and hear all remonstrances and objections from interested persons. The designating body shall file the information required by subdivision (2) with the

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officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 ~~or IC 6-1.1-17-5.1~~ at least ten (10) days before the date of the public hearing.

SECTION 23. IC 6-1.1-42-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 20. A designating body that adopts a resolution under section 19 of this chapter shall do the following:

(1) Publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1.

(2) File the following information with each taxing unit that has authority to levy property taxes in the geographic area where the zone is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement containing substantially the same information as a statement of benefits filed with the designating body under section 18 of this chapter.

The notice must state that a description of the affected area is available and can be inspected in the county assessor's office. The notice must also name a date when the designating body will receive and hear all remonstrances and objections from interested persons. The designating body shall file the information required by subdivision (2) with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 ~~or IC 6-1.1-17-5.1~~ at least ten (10) days before the date of the public hearing.

SECTION 24. IC 6-2.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) The state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at the following rates:

STATE GROSS RETAIL TAX	GROSS RETAIL INCOME FROM THE RETAIL UNITARY TRANSACTION		
~~$ 0~~		~~less than~~	~~$ .10~~
~~$ .01~~	~~at least $ .10,~~	~~but less than~~	~~$ .30~~
~~$ .02~~	~~at least $ .30,~~	~~but less than~~	~~$ .50~~
~~$ .03~~	~~at least $ .50,~~	~~but less than~~	~~$ .70~~
~~$ .04~~	~~at least $ .70,~~	~~but less than~~	~~$ .90~~
~~$ .05~~	~~at least $ .90,~~	~~but less than~~	~~$1.10~~
$ 0		**less than**	**$ .09**
$ .01	**at least $ .09,**	**but less than**	**$ .25**
$ .02	**at least $ .25,**	**but less than**	**$ .42**

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$ .03	**at least $ .42,**	**but less than**	**$ .59**
$ .04	**at least $ .59,**	**but less than**	**$ .75**
$ .05	**at least $ .75,**	**but less than**	**$ .92**
$ .06	**at least $ .92,**	**but less than**	**$1.09**

On a retail unitary transaction in which the gross retail income received by the retail merchant is one dollar and ~~ten~~ **nine** cents ~~($1.10)~~ **($1.09)** or more, the state gross retail tax is ~~five~~ **six** percent ~~(5%)~~ **(6%)** of that gross retail income.

(b) If the tax, computed under subsection (a), results in a fraction of one-half cent ($.005) or more, the amount of the tax shall be rounded to the next additional cent.

SECTION 25. IC 6-2.5-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:

(1) ~~five~~ **six** percent ~~(5%);~~ **(6%);** multiplied by

(2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax he actually collects.

SECTION 26. IC 6-2.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which he must remit under section 7 of this chapter, a retail merchant may exclude from his gross retail income from retail transactions made during a particular reporting period, an amount equal to the product of:

(1) the amount of that gross retail income; multiplied by

(2) the retail merchant's "income exclusion ratio" for the tax year which contains the reporting period.

(b) A retail merchant's "income exclusion ratio" for a particular tax year equals a fraction, the numerator of which is the retail merchant's estimated total gross retail income for the tax year from unitary retail transactions which produce gross retail income of less than ~~ten~~ **nine** cents ~~($.10)~~ **($0.09)** each, and the denominator of which is the retail merchant's estimated total gross retail income for the tax year from all retail transactions.

(c) In order to minimize a retail merchant's recordkeeping requirements, the department shall prescribe a procedure for determining the retail merchant's income exclusion ratio for a tax year, based on a period of time, not to exceed fifteen (15) consecutive days,

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during the first quarter of the retail merchant's tax year. However, the period of time may be changed if the change is requested by the retail merchant because of his peculiar accounting procedures or marketing factors. In addition, if a retail merchant has multiple sales locations or diverse types of sales, the department shall permit the retail merchant to determine the ratio on the basis of a representative sampling of the locations and types of sales.

SECTION 27. IC 6-2.5-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) With respect to the sale of gasoline which is dispensed from a metered pump, a retail merchant shall collect, for each unit of gasoline sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ($.001), of:

~~(i)~~ **(1)** the price per unit before the addition of state and federal taxes; multiplied by

~~(ii) five~~ **(2) six** percent ~~(5%).~~ **(6%).**

The retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

(b) With respect to the sale of special fuel which is dispensed from a metered pump, unless the purchaser provides an exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for each unit of special fuel sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ($.001), of:

~~(i)~~ **(1)** the price per unit before the addition of state and federal taxes; multiplied by

~~(ii) five~~ **(2) six** percent ~~(5%).~~ **(6%).**

Unless the exemption certificate is provided, the retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

SECTION 28. IC 6-2.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. (a) Each retail merchant who dispenses gasoline or special fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6, report to the department the following information:

(1) The total number of gallons of gasoline sold from a metered pump during the period covered by the report.

(2) The total amount of money received from the sale of gasoline described in subdivision (1) during the period covered by the report.

(3) That portion of the amount described in subdivision (2) which represents state and federal taxes imposed under IC 6-2.5,

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IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

(4) The total number of gallons of special fuel sold from a metered pump during the period covered by the report.

(5) The total amount of money received from the sale of special fuel during the period covered by the report.

(6) That portion of the amount described in subdivision (5) that represents state and federal taxes imposed under IC 6-2.5, IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

(b) Concurrently with filing the report, the retail merchant shall remit the state gross retail tax in an amount which equals ~~one twenty-first (1/21)~~ **five and sixty-six hundredths percent (5.66%)** of the gross receipts, including state gross retail taxes but excluding Indiana and federal gasoline and special fuel taxes, received by the retail merchant from the sale of the gasoline and special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which he has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and IC 6-2.5-6-11.

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) an amount equal to:

(1) the sum of the prepayment amounts made during the period covered by the retail merchant's report; minus

(2) the sum of prepayment amounts collected by the retail merchant, in the merchant's capacity as a qualified distributor, during the period covered by the retail merchant's report.

For purposes of this section, a prepayment of the gross retail tax is presumed to occur on the date on which it is invoiced.

SECTION 29. IC 6-2.5-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) ~~Forty~~ **Thirty-nine and three hundred thirty-three thousandths** percent ~~(40%)~~ **(39.333%)** of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(2) ~~Fifty-nine and two-tenths~~ **Sixty and one thousandths** percent ~~(59.2%)~~ **(60.001%)** of the collections shall be paid into the state

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general fund.

(3) ~~Seventy-six hundredths~~ **Six hundred thirty-three thousandths** ~~of one~~ percent ~~(0.76%)~~ **(0.633%)** of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(4) ~~Four hundredths of one~~ **Thirty-three thousandths** percent ~~(0.04%)~~ **(0.033%)** of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

SECTION 30. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. (a) Each taxable year, a tax at the rate of three and four-tenths percent (3.4%) of adjusted gross income is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person.

(b) Each taxable year, a tax at the rate of ~~three~~ **four** and ~~four-tenths~~ **six-tenths** percent ~~(3.4%)~~ **(4.6%)** of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 31. IC 6-3-8-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4.1. The rate of the supplemental net income tax is ~~four and five-tenths~~ **six** percent ~~(4.5%).~~ **(6%).**

SECTION 32. IC 6-3.1-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this chapter, the following terms have the following meanings:

(1) "Eligible teacher" means a teacher:

(A) certified in a shortage area by the professional standards board established by IC 20-1-1.4; and

(B) employed under contract during the regular school term by a school corporation in a shortage area.

(2) "Qualified position" means a position that:

(A) is relevant to the teacher's academic training in a shortage area; and

(B) has been approved by the Indiana state board of education under section 6 of this chapter.

(3) "Regular school term" means the period, other than the school summer recess, during which a teacher is required to perform duties assigned to him under a teaching contract.

(4) "School corporation" ~~means any corporation authorized by law to establish public schools and levy taxes for their maintenance.~~ **has the meaning set forth in IC 36-1-2-17.**

(5) "Shortage area" means the subject areas of mathematics and

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science and any other subject area designated as a shortage area by the Indiana state board of education.

(6) "State income tax liability" means a taxpayer's total income tax liability incurred under IC 6-2.1 and IC 6-3, as computed after application of credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 33. IC 6-3.5-1.1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer who is not a resident of a county that has imposed the county adjusted gross income tax, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity having the power to impose ad valorem property taxes except a school corporation. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a consolidated city, the term "civil taxing unit" includes the consolidated city and all special taxing districts, all special service districts, and all entities whose budgets and property tax levies are subject to review under IC 36-3-6-9.

"County council" includes the city-county council of a consolidated city.

"County taxpayer" as it relates to a county for a year means any individual:

(1) who resides in that county on the date specified in section 16 of this chapter; or

(2) who maintains his principal place of business or employment in that county on the date specified in section 16 of this chapter and who does not on that same date reside in another county in which the county adjusted gross income tax, the county option income tax, or the county economic development income tax is in effect.

"Department" refers to the ~~Indiana~~ department of state revenue.

"Nonresident county taxpayer" as it relates to a county for a year means any county taxpayer for that county for that year who is not a resident county taxpayer of that county for that year.

"Resident county taxpayer" as it relates to a county for a year means any county taxpayer who resides in that county on the date specified in section 16 of this chapter.

"School corporation" ~~means any public school corporation~~

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~~established under Indiana law.~~ **has the meaning set forth in IC 36-1-2-17.**

SECTION 34. IC 6-3.5-1.1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. (a) One-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) Except for revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter or revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter, distributions made to a county treasurer under subsection (a) shall be treated as though they were property taxes that were due and payable during that same calendar year. The certified distribution shall be distributed and used by the taxing units ~~and school corporations~~ as provided in sections 11 through 15 of this chapter.

(c) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 35. IC 6-3.5-1.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 11. (a) Except for revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter or revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter, the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units ~~and school corporations~~ of the county as certified shares and property tax replacement credits.

(b) Before August 2 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received. The percentages are set forth in the following table:

COUNTY	PROPERTY TAX

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ADJUSTED GROSS INCOME TAX RATE	REPLACEMENT CREDITS	CERTIFIED SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 36. IC 6-3.5-1.1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit ~~and school corporation~~ in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes being collected by the civil taxing unit ~~or school corporation~~ during that calendar year, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during that calendar year to the extent that they are used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes being collected by all civil taxing units ~~and school corporations,~~ plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they are used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The state board of tax commissioners shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit ~~and school corporation~~ in the auditor's county is

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entitled to receive. The county auditor shall then certify to each civil taxing unit ~~and school corporation~~ the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 37. IC 6-3.5-1.1-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 13. (a) If a civil taxing unit ~~or school corporation~~ of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, that civil taxing unit ~~or school corporation~~ is entitled to receive a proportion of the property tax replacement credits to be distributed within the county. The amount such a civil taxing unit ~~or school corporation~~ is entitled to receive during that calendar year equals the product of:

(1) the part of the county's certified distribution that is to be used to provide property tax replacement credits during that calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the budget of that civil taxing unit ~~or school corporation~~ for that calendar year.

(B) The denominator of the fraction equals the aggregate budgets of all civil taxing units ~~and school corporations~~ of that county for that calendar year.

(b) If for a calendar year a civil taxing unit ~~or school corporation~~ is allocated a proportion of a county's property tax replacement credits by this section then the formula used in section 12 of this chapter to determine all other civil taxing units' ~~and school corporations'~~ property tax replacement credits shall be changed for that same year by reducing the amount dedicated to providing property tax replacement credits by the amount of property tax replacement credits allocated under this section for that same calendar year. The state board of tax commissioners shall make any adjustments required by this section and provide them to the appropriate county auditors.

SECTION 38. IC 6-3.5-1.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units ~~and school corporations~~ of a county are entitled to receive during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property that was assessed in that county.

(b) If a civil taxing unit ~~or a school corporation~~ is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement

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credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

~~(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all five (5) funds in proportion to the levy for each fund.~~

SECTION 39. IC 6-3.5-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 of this chapter.

"County taxpayer", as it relates to a particular county, means any individual:

(1) who resides in that county on the date specified in section 20 of this chapter; or

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(2) who maintains his principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"School corporation" has the ~~same definition that the term is given in IC 6-1.1-1-16.~~ **meaning set forth in IC 36-2-1-17.**

SECTION 40. IC 6-3.5-6-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units ~~and school corporations~~ of the county as though they were property tax collections and in such a manner that no civil taxing unit ~~or school corporation~~ shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and

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distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of:

(1) the amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) a fraction. The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls. The denominator of the fraction equals the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls.

(f) The state board of tax commissioners shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of:

(1) the amount to be distributed as distributive shares during that month; multiplied by

(2) a fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The state board of tax commissioners shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under

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IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 41. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 9. Local Income Tax for Education

Sec. 1. The following definitions apply throughout this chapter:

(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

(2) "Department" refers to the department of state revenue.

(3) "Resident taxpayer", as it relates to a particular school corporation, means an individual who resides in that school corporation.

(4) "School corporation" has the meaning set forth in IC 36-1-2-17.

(5) "School year" means a twelve (12) month period beginning July 1 of a calendar year.

Sec. 2. (a) Using procedures described in this chapter, a governing body for a school corporation may adopt ordinances to:

(1) impose the local income tax for education in the school district;

(2) subject the to section 6 of this chapter, rescind the local income tax for education in the school district;

(3) increase the local income tax for education rate for the school district; or

(4) subject to section 7 of this chapter, decrease the local income tax for education rate in the school district.

(b) An ordinance adopted in a particular year under this chapter to impose or rescind the local income tax for education or to increase the tax rate is effective July 1 of that year.

(c) The local income tax for education may not be set at or increased to a rate that exceeds the lesser of the following:

(1) One and two-tenths percent (1.2%).

(2) A rate that will result in total revenue that, when added to all other general money (as defined in IC 21-10-1-6) will exceed the sum of the expenditure limit for the school corporation as determined under IC 21-10.

However, the governing body of a school corporation shall increase the rate as required and only for the time necessary to meet a fiscal emergency of a school corporation approved by the state board of

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tax commissioners under IC 21-10. If a tax is increased under this chapter to meet a fiscal emergency, the money raised by the increase shall be applied to the fiscal emergency or to repay interest and principal on bonds or anticipation warrants issued to meet the fiscal emergency.

(d) The governing body of a school corporation shall give notice of an action under this chapter to the state board of tax commissioners and the department not more than five (5) business days after adopting an ordinance under this chapter.

(e) After a hearing, the state board of tax commissioners may reduce a rate imposed or increased under this chapter before June 1 preceding the date when the change becomes effective in order to implement subsection (c). If the state board of tax commissioners reduces a tax rate under this subsection, the state board of tax commissioners shall give notice of the action to the department, the school corporation, and the county auditor for each county in which the school corporation is located.

(f) The adoption of an ordinance under this chapter shall be reported to the department not more than thirty (30) days after the ordinance is adopted.

Sec. 3. (a) Before a governing body of a school corporation may propose an ordinance or vote on a proposed ordinance, the governing body must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place of the public hearing.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

(c) The notice required by this section must be in substantially the following form:

"NOTICE OF LOCAL INCOME
TAX FOR EDUCATION ORDINANCE VOTE

The governing body of the _____ (insert name of school corporation) hereby declares that on _____ (insert date) at ____ (insert the time of day) a public hearing will be held at _____ (insert location) concerning the following resolution to propose an ordinance (or proposed ordinance) that is before the members of the governing body of a school corporation. Members of the public are cordially invited to attend the hearing to express their views.

(Insert a copy of the proposed ordinance or resolution to propose an ordinance.)".

Sec. 4. (a) The governing body of a school corporation may

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impose the local income tax for education on the adjusted gross income of resident taxpayers residing in the school corporation effective January 1 of the next year.

(b) To impose the local income tax for education, a governing body of a school corporation must, after July 1 but before October 1 of the year, pass an ordinance. The ordinance must substantially state the following:

> **"The _____ governing body of a school corporation imposes the local income tax for education on the resident taxpayers of _____ School Corporation. The local income tax for education is imposed at a rate of _____ on the resident taxpayers of the school corporation. This tax takes effect January 1 of next year.".**

Sec. 5. If on July 1 of a calendar year the local income tax for education rate is in effect for resident taxpayers, the governing body of a school corporation may after July 1 and before October 1 of that year pass an ordinance to increase the tax rate for resident taxpayers. If a governing body of a school corporation passes an ordinance under this section, the local income tax for education rate for resident taxpayers increases as provided in the ordinance.

Sec. 6. (a) The local income tax for education imposed by a governing body of a school corporation under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the governing body of a school corporation may rescind the local income tax for education by passing an ordinance to rescind the tax after July 1 but before December 1 of a year.

(c) A governing body of a school corporation may not rescind the local income tax for education or take any action that would result in the school corporation having a smaller distributive share than the distributive share to which it was entitled when it pledged local income tax for education if the school corporation has pledged local income tax for education for any purpose permitted by IC 5-1-14 or any other statute.

Sec. 7. (a) The governing body of a school corporation may adopt an ordinance to decrease the local income tax for education rate in effect.

(b) To decrease the local income tax for education rate, the governing body of a school corporation must adopt an ordinance after July 1 but before October 1 of a year. The ordinance must substantially state the following:

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"The _____ governing body of a school corporation decreases the local income tax for education rate from _____ percent (___ %) to _____ percent (___ %). This ordinance takes effect January 1 of next year.".

(c) A governing body of a school corporation may not decrease the local income tax for education if the school corporation has pledged the local income tax for education for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect January 1 of the calendar year immediately following the calendar year in which the ordinance is adopted.

Sec. 8. If for any reason a resident taxpayer is subject to different tax rates for the local income tax for education imposed by a particular school corporation, the taxpayer's local income tax for education rate for that school corporation and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede January 1 by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow December 31 by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

Sec. 9. If the local income tax for education is not in effect during a resident taxpayer's entire taxable year, the amount of local income tax for education that the resident taxpayer owes for that taxable year equals the product of:

(1) the amount of local income tax for education the resident taxpayer would owe if the tax had been imposed during the resident taxpayer's entire taxable year; multiplied by

(2) a fraction, the numerator of which equals the number of days in the resident taxpayer's taxable year during which the local income tax for education was in effect, and the denominator of which equals the total number of days in the resident taxpayer's taxable year.

Sec. 10. (a) A special account within the state general fund shall be established for each school corporation that adopts the local income tax for education. Any revenue derived from the imposition of the local income tax for education by a school corporation shall be deposited in that school corporation's account in the state general fund.

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(b) Any income earned on money held in an account under subsection (a) becomes a part of that account.

(c) Any revenue remaining in an account established under subsection (a) at the end of a fiscal year does not revert to the state general fund.

Sec. 11. (a) Revenue derived from the imposition of the local income tax for education shall, in the manner prescribed by this section, be distributed to the school corporation that imposed the tax. The amount that is to be distributed to a school corporation during an ensuing school year equals the amount of local income tax for education revenue that the department, after reviewing the recommendation of the budget agency, estimates will be received from that school corporation during the twelve (12) month period beginning January 1 of a calendar year.

(b) Before December 16 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall estimate and certify to the county auditor of each adopting school corporation and the school corporation the amount of local income tax for education revenue that will be collected from that school corporation during the twelve (12) month period beginning January 1 of the next calendar year. The amount certified is the school corporation's certified distribution for the immediately succeeding school year beginning on July 1 of the next calendar year. The amount certified may be adjusted under subsection (c) or (d).

(c) The department may certify to an adopting school corporation an amount that is greater than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that there will be a greater amount of revenue available for distribution from the school corporation's account established under section 10 of this chapter.

(d) The department may certify an amount less than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that a part of those collections needs to be distributed during the current school year so that the school corporation will receive its full certified distribution for the current school year.

(e) One-twelfth (1/12) of each adopting school corporation's certified distribution for a school year shall be distributed from its account established under section 10 of this chapter to the school corporation on the first day of each month of the school year.

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(f) All distributions from an account established under section 10 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

Sec. 12. The revenue a school corporation receives under this chapter may be used to fund any lawful purpose of the school corporation and may be deposited in any fund, subject to the provisions of the school corporation's budget adopted under IC 21-10. The revenue shall be treated as general money under IC 21-10.

Sec. 13. For purposes of this chapter, an individual is treated as a resident of the school corporation in which the individual:

(1) maintains a home, if the individual maintains only one (1) in Indiana;

(2) if subdivision (1) does not apply, is registered to vote;

(3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or

(4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time spent in Indiana during the taxable year in question.

Sec. 14. (a) Using procedures provided under this chapter, the governing body of a school corporation may pass an ordinance to enter into reciprocity agreements with the taxing authority of any city, town, municipality, county, or other similar local governmental entity of any other state. The reciprocity agreements must provide that the income of resident taxpayers is exempt from income taxation by the other local governmental entity to the extent income of the residents of the other local governmental entity is exempt from the local income tax for education in the adopting school corporation.

(b) A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The form and effective date of a reciprocity agreement described in this section must be approved by the department.

Sec. 15. (a) Except as provided in subsection (b) and the other provisions of this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) deductions or exemptions from adjusted gross income;

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(5) remittances;

(6) incorporation of the provisions of the Internal Revenue Code;

(7) penalties and interest; and

(8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) IC 6-3-1-3.5(a)(5), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) The tax imposed under this chapter is a listed tax for the purposes of IC 6-8.1.

(d) Notwithstanding subsections (a) and (b), each employer shall report to the department and the school corporation the amount of withholdings attributable to each school corporation. This report shall be submitted at the same time that the employer submits the employer's other withholding report to the department.

Sec. 16. (a) Except as provided in subsection (b), if for a particular taxable year a resident taxpayer is liable for an income tax imposed by a school corporation located outside Indiana, that resident taxpayer is entitled to a credit against the local income tax for education liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the local income tax for education. However, the credit provided by this section may not reduce a resident taxpayer's local income tax for education liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a resident taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of local income tax for education owed under this chapter.

(c) To claim the credit provided by this section, a resident taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 17. (a) If for a particular taxable year a resident taxpayer is, or a resident taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the resident taxpayer is, or the resident taxpayer and the taxpayer's spouse are, entitled to a credit against the local income tax for education liability for that same taxable year. The amount of the credit

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equals the lesser of:

(1) the product of:

(A) the credit for the elderly or the totally disabled for that same taxable year; multiplied by

(B) a fraction, the numerator of which is the local income tax for education rate imposed against the resident taxpayer, or the resident taxpayer and the taxpayer's spouse, and the denominator of which is fifteen-hundredths (0.15); or

(2) the amount of local income tax for education imposed on the resident taxpayer, or the resident taxpayer and the taxpayer's spouse.

(b) If a resident taxpayer and the taxpayer's spouse file a joint return and are subject to different local income tax for education rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) local income tax for education rates imposed against them as the numerator in subsection (a)(1)(B).

Sec. 18. Notwithstanding any other law, if a school corporation desires to issue obligations, or enter into leases, payable wholly or in part by the local income tax for education, the obligations of the school corporation or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

SECTION 42. IC 20-1-1.3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 8. (a) A public school that receives a monetary award under this chapter may expend that award for any educational purpose for that school, except:

(1) athletics;

(2) salaries for school personnel; or

(3) salary bonuses for school personnel.

(b) A monetary award may not be used to determine

~~(1) the maximum permissible general fund ad valorem property tax levy under IC 6-1.1-19-1.5; or~~

~~(2)~~ the ~~tuition support~~ **state distribution** under ~~IC 21-3-1.6~~ **IC 21-3-1.7-9**

of the school corporation of which the school receiving the monetary award is a part.

SECTION 43. IC 20-1-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. As used in this chapter, the following terms have the following meanings:

(1) "Child with a disability" means any child who is at least three

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(3) years of age but less than twenty-two (22) years of age and who because of physical or mental disability is incapable of being educated properly and efficiently through normal classroom instruction, but who with the advantage of a special educational program may be expected to benefit from instruction in surroundings designed to further the educational, social, or economic status of the child. Public schools may operate special education programs for hearing impaired children as young as six (6) months of age on an experimental basis upon the approval of the superintendent of public instruction and the Indiana state board of education.

(2) "Division" means the division of special education within the department of education.

(3) "Director" means the director of the division of special education.

(4) "School corporation" ~~means any corporation authorized by law to establish public schools and levy taxes for the maintenance of the schools.~~ **has the meaning set forth in IC 36-1-2-17.**

(5) "Individualized education program" means a written statement developed by a group that includes:

(A) a representative of the school corporation or public agency responsible for educating the child;

(B) the child's teacher;

(C) the child's parent, guardian, or custodian;

(D) if appropriate, the child; and

(E) if the provision of services for a seriously emotionally disabled child is considered, a mental health professional provided by the community mental health center (as described under IC 12-29) or a managed care provider (as defined in IC 12-7-2-127(b)) and serving the community in which the child resides;

and that describes the special education to be provided to the child.

(6) "Preschool child with a disability" refers to a disabled child who is at least three (3) years of age by September 1 of the 1989-90 school year, August 1 of the 1990-91 school year, July 1 of the 1991-92 school year, or June 1 of the 1992-93 school year and every subsequent school year.

(7) "Special education" means instruction specially designed to meet the unique needs of a child with a disability. It includes transportation, developmental, corrective, and other support services and training only when required to assist a child with a

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disability to benefit from the instruction itself.

(8) "School year" has the meaning set forth in IC 20-10.1-2-1.

SECTION 44. IC 20-1-6-18.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 18.2. (a) The Indiana state board of education shall adopt rules under IC 4-22-2 which establish limitations on the amount of transportation which may be provided in the student's individualized education program. Unless otherwise specially shown to be essential by the child's individualized education program, in case of residency in a public or private facility, these rules shall limit the transportation required by the student's individualized education program to his first entrance and final departure each school year plus round trip transportation each school holiday period and two (2) additional round trips each school year.

(b) Whenever a student is a transfer student receiving special education in a public school, the state or school corporation responsible for the payment of transfer tuition under IC 20-8.1-6.1-1 shall bear the cost of transportation required by the student's individualized education program. However, if a transfer student was counted as an eligible student for purposes of a distribution in a calendar year under IC 21-3-3.1, the transportation costs that the transferee school may charge for a school year ending in the calendar year shall be reduced by ~~the sum of the following:~~

~~(1) The quotient of the amount of money that the transferee school is eligible to receive under IC 21-3-3.1-2.1 for the calendar year in which the school year ends divided by the number of eligible students for the transferee school for the calendar year (as determined under IC 21-3-3.1-2.1).~~

~~(2)~~ the amount of money that the transferee school is eligible to receive under IC 21-3-3.1-4 for the calendar year in which the school year ends for the transportation of the transfer student during the school year.

(c) Whenever a student receives a special education in a facility operated by the state department of health, the division of disability, aging, and rehabilitative services, or the division of mental health, the school corporation in which the student has legal settlement shall bear the cost of transportation required by the student's individualized education program. However, if the student's legal settlement cannot be ascertained, the Indiana state board of education shall bear the cost of transportation required by the student's individualized education program.

(d) Whenever a student is placed in a private facility under section 19 of this chapter in order to receive a special education because the

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student's school corporation cannot provide an appropriate special education program, the school corporation in which the student has legal settlement shall bear the cost of transportation required by the student's individualized education program. However, if the student's legal settlement cannot be ascertained, the Indiana state board of education shall bear the cost of transportation required by the student's individualized education program.

SECTION 45. IC 20-2-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) The township trustees of each and every township of each county shall perform all the civil functions performed before March 13, 1947, by such township trustees and together with other township trustees of the county shall constitute a county board of education for the purpose of managing the affairs of the county school corporation hereby created in each such county. School cities and school towns shall retain independent organization and administration unless abandoned as provided by law, and the county school corporation, also referred to in this chapter as the county, shall include all areas not organized on March 13, 1947, under the laws of this state into jurisdictions controlled and governed as school cities or school towns. Said county board of education may be referred to interchangeably as the county board of school trustees and as the board. Said board shall meet at such time as the board shall designate at the office of the county superintendent of schools and at such other times and places as the county superintendent of schools may deem necessary. At the first meeting of each year, to be held on the first Wednesday after the first Monday in January, the board shall organize by selecting a president, a vice president, a secretary, and a treasurer from its membership. Provided, however, that no later than April 12, 1947, it shall be the duty of the county superintendent of schools to call said board into special session and unless the county board of education shall elect to have the provisions of this section remain inoperative, under provisions that may be included within this section, said board shall so organize itself, except that the failure of the county superintendent of schools to call the county board of education into session within the prescribed limits of this section shall not be construed to mean that a county school corporation as described in this section shall be brought into existence in such county, and no such county school corporation shall be brought into existence until the board has met in special session subsequent to March 13, 1947, and has taken action to organize itself into a county school corporation, after consideration of the question whether it should elect to have the provisions of this section remain inoperative under provisions that may

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be included within this section. Such organization when and if effected shall be filed with the county auditor and shall be published by said auditor in two (2) newspapers of different political persuasions of general circulation throughout the county within ten (10) days after such filing, and such organization shall be deemed to fulfill all the requirements of this section for the transacting of public business under this section. The secretary of the board shall keep an accurate record of the minutes of the board, which minutes shall be kept at the county superintendent's office. The county superintendent shall act as administrator of the board and shall carry out such acts and duties as shall be designated by the board. A quorum shall consist of two-thirds (2/3) of the members of the board.

(b) The board shall make decisions as to the general conduct of the schools, which shall be enforced as entered upon the minutes recorded by the secretary of the board, and shall exercise all powers exercised before March 13, 1947, under the law, by or through township trustees or meetings or petitions of the trustees of the county.

(c) The board shall appoint a county superintendent of schools who shall serve for a term of four (4) years. The first such appointment under this section shall be made in accordance with law in June 1949, to become effective August 16, 1949, and thereafter the board shall fill vacancies in this office by appointments which shall expire at the end of the regular term. The county superintendent of schools and other persons employed for administrative or supervisory duties shall be deemed to be supervisors of instruction.

(d) The government of the common schools of the county shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations granted to or required of school cities before March 13, 1947, and school towns and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the right and power to sue and be sued in the name of the county, the insuring of property and employees, the levying and collecting of taxes **under IC 6-3.5-9,** the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board and to any act necessary to the proper administration of the common schools of the county.

(e) Such school corporations shall be vested with all right, title, and interest of their respective predecessor township school corporations hereby terminated to and in all the real, personal, and other property of

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any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness and liabilities of the same.

(f) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount equal to the largest sum of money that will be in the possession of the treasurer at any one **(1)** time conditioned as an ordinary official bond, with a reliable surety company or at least two (2) sufficient freehold sureties, who shall not be members of such board, as surety or sureties on such bond. The president and secretary shall each give bond, with like surety or sureties, to be approved by the county auditor, in the sum of one-fourth (1/4) of said amount. Provided, that such boards of school trustees may purchase said bonds from some reliable surety company, and pay for them out of the special school revenue of their respective counties.

(g) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

~~(h) Every such board shall have, as respects the levy of taxes by it, power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board, and it is hereby made the duty of such board annually to levy a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board. The power of such board in so making tax levies shall be exercised within statutory limits and said levies shall be subject to the same review as school city and school town levies.~~

SECTION 46. IC 20-2-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. Said school trustees shall maintain in each school corporation a term of school at least six (6) months in duration. ~~and shall authorize a local tuition levy sufficient to conduct a six (6) months term of school each year based on estimates and receipts from all sources for the previous year, which may include that received from the state's tuition revenue: Provided, Such levy shall not exceed the limit now provided by law.~~

SECTION 47. IC 20-3-11-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 20. **(a)** Each such board of school commissioners may from time to time, whenever its general fund shall be exhausted or in the board's judgment be in danger of

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exhaustion, make temporary loans for the use of its general fund to be paid out of ~~the proceeds of taxes theretofore levied by such school city for its~~ **money to be deposited in the** general fund. The amount so borrowed in aid of said general fund shall be paid into said general fund and may be used for any purpose for which the said general fund lawfully may be used. Any such temporary loan shall be evidenced by the promissory note or notes of said school city, shall bear interest at not more than seven percent (7%) per annum, interest payable at the maturity of the note or periodically, as the note may express, and shall mature at such time or times as the board of school commissioners may decide, but not later than one (1) year from the date of the note. No such loan or loans made in any one (1) calendar year shall be for a sum greater than the amount estimated by said board as the ~~proceeds~~ **money** to be ~~received by it from the levy of taxes theretofore made by said school city in behalf of its said~~ **deposited in the** general fund **before the due date of the note.** Successive loans may be made in aid of said general fund in any calendar year, but the aggregate amount thereof, outstanding at any one (1) time, shall not exceed such estimated ~~proceeds of taxes levied in behalf of the said general fund.~~ **amounts to be deposited in the general fund during the terms of the notes.**

(b) No such loan shall be made until notice asking for bids therefor shall have been given by newspaper publication, which publication shall be made one (1) time in a newspaper published in said city and said publication shall be at least seven (7) days before the time when bids for such loans will be opened. Bidders shall name the amount of interest they agree to accept not exceeding seven percent (7%) per annum, and the loan shall be made to the bidder or bidders bidding the lowest rate of interest. The note or notes or warrants shall not be delivered until the full price of the face thereof shall be paid to the treasurer of said school city, and no interest shall accrue thereon before such delivery.

(c) Any such school corporation wishing to make a temporary loan in aid of its general fund, finding that it has need to exercise the power in this section above given to make a temporary loan, which has in its treasury money derived from the sale of bonds, which money derived from the sale of bonds cannot or will not, in the due course of the business of said school city, be expended in the then near future, may, if it so elects, temporarily borrow, and without payment of interest, from such bond fund, for the use and aid of said general fund in the manner and to the extent hereinafter expressed, viz.: Such school city shall, by its board of school commissioners, take all the steps required by law to effect such temporary loan up to the point of advertising for

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bids or offers for such loans; it shall then present to the state board of tax commissioners of the state of Indiana, and to the state board of accounts of the state of Indiana, a copy of the corporate action of said school city concerning its desire to make such temporary loan and a petition showing the particular need for such temporary loan, and the amount and the date or dates when said general fund will need such temporary loan, or ~~instalments~~ **installments** of such loan, and the date at which such loan, and each ~~instalment~~ **installment** thereof, will be needed, and the estimated amounts ~~from taxes~~ to come into said general fund, and the dates when it is expected ~~such proceeds of taxes~~ **that the amounts** will be received by such school city in behalf of said general fund, and showing what amount of money said school city has in any fund derived from the proceeds of the sale of bonds, which cannot or will not be expended in the then near future, and showing when and to what extent and why money in such bond fund, not soon to be expended, will not be expended in the then near future and requesting that said state board of tax commissioners, and said state board of accounts, respectively, authorize a temporary loan from said bond fund in aid of said general fund.

(d) If said state board of tax commissioners shall find and order that there is need for such temporary loan, and that it should be made, and said state board of accounts shall find that the money proposed to be borrowed will not be needed during the period of the temporary loan by the fund from which it is to be borrowed, and said two (2) state boards shall approve the loan, the business manager and treasurer of said school city shall, upon such approval by said two (2) state boards, take all steps necessary to transfer the amount of such loans, as a temporary loan from the fund to be borrowed from, to said general fund of such school city. The loan so effected shall, for all purposes, be a debt of the school city chargeable against its constitutional debt limit.

(e) Such two (2) state boards may fix the aggregate amount so to be borrowed on any one (1) petition and shall determine at what time or times and in what ~~instalments~~ **installments** and for what periods it shall be borrowed. The treasurer and business manager of such school city, from time to time, as money shall be collected ~~from taxes levied~~ in behalf of said general fund, shall credit the same on such loan until the amount borrowed is fully repaid to the lending fund, and they shall at the end of each calendar month report to the board the several amounts so applied ~~from taxes~~ to the payment of such loan.

(f) The school city shall, as often as once a month, report to both of said state boards the amount of money then so borrowed and unpaid, the anticipated like borrowings of the current month, the amount left in

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the said general fund, and the anticipated drafts upon the lending bond fund for the objects for which that fund was created.

(g) Said two (2) state boards, or either of them, may, if it shall seem to said boards, or to either of them, that the fund from which the loan was made requires the repayment of all or of part of such loan(s) before its maturity or said general fund no longer requires all or some part of the proceeds of such loan, require such school city to repay all or any part of such loan and, if necessary to perform the requirement, such school city shall exercise its power of making a temporary loan procured from others to raise the money so needed to repay the lending bond fund the amount so ordered repaid.

SECTION 48. IC 20-3-14-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. An annexation may be effected by any school corporation as follows:

(a) Both the acquiring and the losing school corporations shall each adopt a substantially identical annexation resolution. This resolution shall contain the following items:

(1) A description of the annexed territory. Such description shall as near as reasonably possible be by streets and other boundaries known by common names and need not be in addition by legal description unless such additional description is necessary to identify the annexed territory. No notice shall be defective if there is a good faith compliance with this section and if the area designated may be ascertained with reasonable certainty by persons skilled in the area of real estate description.

(2) The time the annexation takes place. This may vary with respect to the different parts of the annexed territory; and if the entire annexed territory is contiguous to the acquiring corporation the parts of the annexed territory may be annexed so that some parts may not be contiguous to the annexed territory for temporary periods.

(3) Any terms and conditions facilitating education of pupils in the annexed territory, in the losing school corporation, or in the acquiring school corporation. Such terms may provide for, but shall not be limited to, the continued attendance by children in the annexed territory at schools in the losing school corporation for specified periods of time after annexation on a transfer basis. In such instances transfer tuition for such children shall be paid by the acquiring school corporation to the losing school corporation in the manner and at the rates provided by the statutes of the state of Indiana governing the computation and payment of transfer tuition costs.

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(4) Disposition of assets and liabilities of the losing school corporation to the acquiring school corporation; allocation between the acquiring and losing school corporations of subsequently collected ~~school taxes levied on property in the annexed territory;~~ **money;** and the amount, if any, to be paid by the acquiring school corporation to the losing school corporation on account of property received from the latter. Such disposition, allocation, and amount shall be equitable.

(b) After the adoption of such resolution, notice shall be given by publication in both the acquiring and the losing school corporations setting out the text of the resolution, together with a statement that such resolution had been adopted and that a right of remonstrance exists as provided in this chapter. It shall not be necessary to set out the remonstrance provisions of this chapter, but a general reference to a right of remonstrance with a reference to this chapter shall be sufficient. The annexation shall take effect within thirty (30) days after such publication, or at the time provided in the resolution, whichever is later, unless within such period a remonstrance (based on a ground other than that set out in section 6(a)(5) of this chapter) is filed in the circuit or superior court of the county where the annexed territory or any part thereof is located, by registered voters residing in the losing school corporation at least equal in number to the greater of the following:

(1) ten percent (10%) of the number of registered voters residing in the losing school corporation; or

(2) fifty-one percent (51%) of the number of registered voters residing in the annexed territory.

SECTION 49. IC 20-3-14-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 7. With respect to whether the disposition of the assets and liabilities of the losing school corporation, allocation of school ~~tax~~ receipts, and the amount to be paid by the acquiring school corporation is equitable, the court shall be satisfied that the annexing resolution conforms substantially to the following standards:

(a) The acquiring school corporation shall assume a portion of all installments of principal and interest on any indebtedness of the losing school corporation (other than current obligations or temporary borrowing) which fall due after the end of the last calendar year in which the losing school corporation is entitled to receive current ~~tax~~ receipts. ~~from property tax levies on the property on the annexed territory.~~ Such portion shall consist of the following:

(1) All such installments relating to any indebtedness incurred in

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connection with the acquisition or construction of any building located in the annexed territory.

(2) A proportion of all such installments relating to any other indebtedness which ~~is the same proportion as the valuation of the real property in the annexed territory bears to the valuation of all the real property in the losing school corporation, as the same is assessed for general taxation immediately prior to annexation.~~ **shall be decided by agreement of the affected school corporations.**

(b) The acquiring school corporation shall make the payments and assume the obligations provided for a school corporation acquiring territory and/or building or buildings under IC 21-5-10.

(c) Unless the losing school corporation shall consent to some other allocation, the portion of the special school and tuition fund moneys collected by the losing school corporation shall not be allocated in a greater amount to the acquiring school corporation than would be awarded if such two (2) corporations were respectively the original school corporation and the annexing school corporation within the meaning of IC 20-4-16, and the amount to be paid the losing corporation by the acquiring school corporation on account of the acquisition by the acquiring school corporation of a building in the annexed territory shall not be less than would be awarded if such two (2) school corporations were respectively the acquiring corporation and original school corporation within the meaning of IC 20-4-15.

(d) Where the annexed territory includes all of any losing school corporation, the acquiring school corporation shall acquire all of the property and assets of the losing school corporation without making payment of any nature for the same and shall assume all of the liabilities and obligations of the losing school corporation.

SECTION 50. IC 20-3.1-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. To provide the board with the necessary flexibility and resources to carry out this article, the following apply:

(1) The board may eliminate or modify existing policies and create new policies, and alter policies from time to time, subject to this article and the plan developed under IC 20-3.1-7.

(2) IC 20-7.5 does not apply to matters set forth in this article. The matters set forth in this article may not be the subject of collective bargaining or discussion under IC 20-7.5.

(3) An exclusive representative certified under IC 20-7.5 to represent certified employees of the school city, or any other entity voluntarily recognized by the board as a representative of

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employees providing educational services in the schools, may bargain collectively only concerning salary, wages, and salary and wage related fringe benefits. The exclusive representative may not bargain collectively or discuss performance awards under IC 20-3.1-12.

(4) The board of school commissioners may waive the following statutes and rules for any school in the school city without the need for administrative, regulatory, or legislative approval:

(A) The following rules concerning curriculum and instructional time:

511 IAC 6.1-3-4
511 IAC 6.1-5-0.5
511 IAC 6.1-5-1
511 IAC 6.1-5-2.5
511 IAC 6.1-5-3.5
511 IAC 6.1-5-4

(B) The following rules concerning pupil/teacher ratios:

511 IAC 6-2-1(b)(2)
511 IAC 6.1-4-1

(C) The following statutes and rules concerning textbooks, and rules adopted under the statutes:

IC 20-10.1-9-1
IC 20-10.1-9-18
IC 20-10.1-9-21
IC 20-10.1-9-23
IC 20-10.1-9-27
IC 20-10.1-10-1
IC 20-10.1-10-2
511 IAC 6.1-5-5

(D) The following rules concerning school principals:

511 IAC 6-2-1(c)(4)
511 IAC 6.1-4-2

(E) 511 IAC 2-2, concerning school construction and remodeling.

(5) Notwithstanding any other law, a school city may do the following:

(A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school city purpose.

(B) Establish a professional development and technology fund to be used for:

(i) professional development; or

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(ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation among any account of the school corporation, including a professional development and technology fund established under clause (B).

(6) Transfer funds obtained from ~~property taxation~~ **distributions under IC 21-3-1.7-9** among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5). ~~subject to the following:~~

~~(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this clause.~~

~~(B)~~ This ~~clause~~ **subdivision** does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 51. IC 20-4-1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 8. (a) The county committee in formulating a preliminary plan shall, with respect to each of the community school corporations which are a part of the reorganization plan, determine the following:

(1) The name of the community school corporation.

(2) A general description of the boundaries of the community school corporation which may consist of identifying an existing school corporation where it is to be included in its entirety in such community school corporation. Where a boundary does not follow the boundary of an existing civil or school corporation, the description shall set out the boundary as near as reasonably possible by streets, rivers, and other similar boundaries which are known by common names, and where this is not thus possible, by section lines or other legal description. No such description shall be defective if there is a good faith effort to comply with the provisions of this subdivision, or if such boundary may be ascertained with reasonable certainty by a person skilled in the area of real estate description. The county committee shall have the authority to require the services of the county surveyor in preparing a description of any boundary line.

(3) The number of members on the board of school trustees, which shall be either three (3), five (5), or seven (7), and whether such board of school trustees shall be elected or appointed. If appointed, when and by whom. If elected, whether such election

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shall be at the primary or at the general election at which county officials are nominated or elected, and subject to the provisions of sections 26.2 through 26.3 of this chapter, the manner in which such board of school trustees shall be elected or appointed.

(4) The compensation, if any, of the members of the regular and interim board of school trustees, which shall not exceed the amount provided in IC 20-5-3-6. If no compensation is provided in any plan adopted after March 15, 1963, such members shall be entitled to no compensation.

(5) Limitations on residence, term of office, and other qualifications required of the members of such board of school trustees. However, no plan shall provide for an appointive or elective term of more than four (4) years, but any member may serve more than one (1) consecutive term.

(6) The disposition of assets and liabilities in instances where an existing school corporation is divided.

(7) The disposition of school aid bonds, if any.

(b) In instances where existing school corporations are not divided the assets, liabilities, and obligations of the existing school corporations are to be transferred to and assumed by the new community school corporation of which they are a part, without any provisions therefor being made in the plan.

(c) The preliminary plan shall be supported by a summary statement of:

(1) the educational improvements its adoption will make possible;

(2) data showing ~~the assessed valuation,~~ the number of resident pupils in average daily attendance in grades 1 through 12 ~~the assessed valuation per each such pupil and the property tax levies,~~ of each existing school corporation to which the plan applies, and such ~~assessed valuation,~~ resident average daily attendance ~~and assessed valuation per pupil,~~ of each proposed community school corporation if it were in existence in the year the preliminary plan is prepared or notices of a hearing or hearings thereon is given by the county committee; and

(3) any other data or information the county committee deems appropriate or that may be required by the state board in its rules.

(d) ~~Such assessed valuations and tax rates shall be based on the valuations applying to taxes collected in the year the preliminary plan is prepared or notices of a hearing or hearings thereon is given by the county committee.~~ The resident average daily attendance figures may be based on the calculation thereof under the rules pursuant to which they are submitted to the superintendent of public instruction by

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existing school corporations and shall be set out for the school year in progress in such year if they are available, or for the preceding school year if they are not. All such data and information shall be obtained by the county committee from any source deemed reliable by it, and the statement by the county committee shall be sufficient whether or not exactly accurate, if there is a good faith effort on its part to comply with the provisions of this subsection.

SECTION 52. IC 20-4-1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 18. (a) Whenever the creation of a community school corporation out of an existing corporation would involve no change in its territorial boundaries or in its board of school trustees or other governing body, other than a change, if any, in the time of election or appointment or the time the board members take office, and such creation is consistent with the standards set up pursuant to the provisions of this chapter as modified, if any, by the standards set out in this section, the state board may upon its own motion or upon petition of the governing body of the existing school corporation at any time with hearing in the county where such school corporation is located, after notice by publication at least once in one (1) newspaper of general circulation published in the county where such school corporation is located, at least ten (10) but not more than thirty (30) days prior to the date of such hearing and without action of the county committee declare such existing school corporation to be a community school corporation by adopting a resolution to this effect. Such existing school corporation shall qualify as to size and financial resources if it has an average daily attendance of two hundred seventy (270) or more, in grades nine (9) through twelve (12), or of one thousand (1000) or more, in grades one (1) through twelve (12). ~~and has an assessed valuation per pupil of five thousand dollars ($5,000) or more.~~ For the purposes of this provision, ~~the following terms shall have the following meanings:~~

~~(1) "County tax" shall be a property tax which is levied at an equal rate in the entire county in which any school corporation is located, other than a tax qualifying as a county-wide tax within the meaning of Acts 1959, c.328, s.2, or any similar statute, and the net proceeds of which are distributed to school corporations in the county.~~

~~(2) "Assessed valuation" of any school corporation shall mean the net assessed value of its real and personal property as of March 1, 1964, adjusted in the same manner as such assessed valuation is adjusted for each county by the state board of tax commissioners under Acts 1949, c.247, s.5, as now or hereafter amended, unless~~

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~~such statute has been repealed or no longer provides for such adjustment. In the event a county has a county tax, then the assessed valuation of each school corporation in the county shall be increased by the amount of assessed valuation, if any, which would be required to raise an amount of money, equal to the excess of the amount distributed to any school corporation from the county tax over the amount collected from such county tax in such school corporation, using total taxes levied by such school corporation in terms of rate excluding the countywide tax under Acts 1959, c.328, s.2, or any similar statute, and including all other taxes levied by or for such school corporation, including but not limited to the county tax, bond fund levy, lease rental levy, library fund levy, special school fund levy, tuition fund levy, capital projects fund levy, and special funds levies. Such increased valuation shall be based on the excess distributed to the school corporation from the county tax levied for the year 1964 and the total taxes levied for such year, or if the county tax is first applied or is raised for years after 1964, then the excess distributions and total taxes levied for the year in which such tax is first applied or raised. In the event such excess distribution and total taxes levied cannot be determined accurately on or prior to the adoption of the resolution provided in this section, excess distribution and taxes levied shall be estimated by the state board of tax commissioners using the last preceding assessed valuations and tax rates or such other information as they shall see fit, certifying such increased assessment to the state board prior to such time. In all cases, the excess distribution shall be determined upon the assumption that the county tax is one hundred percent (100%) collected and all collections are distributed.~~

~~(3) "Assessed valuation per pupil" of any school corporation means the assessed valuation of any such school corporation divided by its average daily attendance in grades one (1) through twelve (12).~~

~~(4)~~ "average daily attendance" in any school corporation shall mean the average daily attendance of pupils who are residents in such school corporation and in the particular grades to which such term refers for the school year 1964-1965 in accordance with the applicable regulations of the state superintendent of public instruction, used in determining such average daily attendance in the distribution of the tuition funds by the state to its various school corporations where such funds are distributed on such basis and irrespective of whether such figures are the actual

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resident daily attendance of such school for the school year.

(b) Such community school corporation shall automatically come into being on either July 1 or January 1 following the date of such approval, whichever is earlier. The state board shall mail by certified United States mail, return receipt requested, a copy of such resolution certified by its director or its secretary to the recorder of the county from which the county committee having jurisdiction of such existing school corporation was appointed and to such county committee. Such resolution may change the time of election or appointment of the board members of such school corporation or the time such board members take office. The recorder shall without cost record such certified resolution in the miscellaneous records of the county. Such recording shall constitute a permanent record of the action of the state board and may be relied on by any person. Unless the resolution otherwise provides no interim board member shall be appointed, the board members in office on the date of such action shall continue to constitute the board of trustees of such school corporation until their successors are qualified, and the terms of their respective office and board membership shall remain unchanged except to the extent that such resolution otherwise provides. For all purposes under this chapter, community school corporation shall be regarded as a school corporation created under the provisions of section 22 of this chapter.

SECTION 53. IC 20-4-1-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 32. (a) For the purpose of defraying the expenses of the county study, a county committee may prepare and submit to the county council on or before August 1 of each year during the life of the committee, a budgetary request. ~~The county council may, upon receipt of such request, establish a uniform ad valorem tax levy on all real and personal property situated within the county, in such amount as shall be sufficient to raise an amount of money not to exceed the amount of such budget request.~~

(b) The county committee may request from the county council sufficient sums of money necessary to defray legal expenses incident to placing the county plan in operation.

SECTION 54. IC 20-4-1-36 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 36. If any reorganization plan provides for the payment of school aid bonds as authorized in section 35(1) or section 35(2) of this chapter, each school corporation or civil township which is required to make such payments is hereby authorized and required to include in their annual budgets an amount sufficient to make such payments. ~~and to levy a tax therefor which tax in the case of civil townships shall be levied only on the~~

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~~property located within the community or united school corporation (which property shall constitute a special taxing district), which shall be in addition to all taxes heretofore authorized and such levy shall be reviewable by other bodies vested by law with such authority to ascertain that the levy is sufficient to raise the amount required to meet the payments; provided, however, that no payments as above provided for shall be required prior to the first June 20 following the first August 1 after the proposed community school corporation or united school corporation has come into existence.~~

SECTION 55. IC 20-4-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. An annexation may be effected by any school corporation as follows:

(a) Both the acquiring and the losing school corporations shall each adopt a substantially identical annexation resolution. This resolution shall contain the following items:

(1) The name of the acquiring school corporation after the effective date of the annexation, which name may differ from the name of the acquiring corporation at the time of the adoption of the resolution.

(2) A description of the annexed territory. Such description shall as near as reasonably possible be by streets and other boundaries known by common names and need not be in addition by legal description unless such additional description is necessary to identify the annexed territory. No notice shall be defective if there is a good faith compliance with this section and if the area designated may be ascertained with reasonable certainty by persons skilled in the area of real estate description.

(3) The time the annexation takes place.

(4) Any terms and conditions facilitating education of pupils in the annexed territory, in the losing school corporation or in the acquiring school corporation. Such terms may provide for, but shall not be limited to, the continued attendance by children in the annexed territory at schools in the losing school corporation for specified periods of time after annexation on a transfer basis. In such instances transfer tuition for such children shall be paid by the acquiring school corporation to the losing school corporation in the manner and at the rates provided by the statutes of the state of Indiana governing the computation and payment of transfer tuition costs.

(5) Disposition of assets and liabilities of the losing school corporation to the acquiring school corporation; allocation between the acquiring and losing school corporations of

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subsequently collected ~~school taxes levied on property in the annexed territory;~~ **receipts,** and the amount, if any, to be paid by the acquiring school corporation to the losing school corporation on account of property received from the latter. Such disposition, allocation and amount shall be equitable.

(b) After the adoption of such resolution, notice shall be given by publication in both the acquiring and the losing school corporations setting out the text of the resolution, together with a statement that such resolution has been adopted and that a right of remonstrance exists as provided in this chapter. It shall not be necessary to set out the remonstrance provisions of this chapter, but a general reference to a right of remonstrance with a reference to this chapter shall be sufficient. The annexation shall take effect within thirty (30) days after such publication, or at the time provided in the resolution, whichever is later, unless within such period a remonstrance is filed in the circuit or superior court of the county where the annexed territory or any part thereof is located, by registered voters residing in the losing school corporation at least equal in number to the greater of the following:

(1) ten percent (10%) of the number of registered voters residing in the losing school corporation; or

(2) fifty-one percent (51%) of the number of registered voters residing in the annexed territory.

SECTION 56. IC 20-4-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 7. (a) With respect to whether the disposition of the assets and liabilities of the losing school corporation, allocation of school ~~tax~~ receipts and the amount to be paid by the acquiring school corporation is equitable, the court subject to the provisions of subdivision (b) shall be satisfied that the annexing resolution conforms substantially to the following standards:

(1) The acquiring school corporation shall assume a portion of all installments of principal and interest on any indebtedness of the losing school corporation (other than current obligations or temporary borrowing) which fall due after the end of the last calendar year in which the losing school corporation is entitled to receive current ~~tax~~ receipts. ~~from property tax levies on the property on the annexed territory.~~ Such portion shall consist of the following: (i) all such installments relating to any indebtedness incurred in connection with the acquisition or construction of any building located in the annexed territory, and (ii) a proportion of all such installments relating to any other indebtedness. ~~which is the same proportion as the valuation of the real property in the annexed territory bears to the valuation of all the real property in~~

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~~the losing school corporation, as the same is assessed for general taxation immediately prior to annexation.~~

(2) The acquiring school corporation shall make the payments and assume the obligations provided for school corporation acquiring territory and/or building or buildings under IC 21-5-10.

(3) Unless the losing school corporation shall consent to some other allocation: the portion of the general fund moneys collected by the losing school corporation shall not be allocated to the acquiring school corporation in a greater amount than would be awarded if such two (2) corporations were respectively the "original school corporation" and the "annexing school corporation" within the meaning of IC 20-4-16, using the method therein provided for allocating the special school and tuition fund moneys.

(b) Such standards shall not be applicable to the extent the losing and acquiring school corporations otherwise agree in a situation where all or a majority of the students in the annexed territory have been transferred from the losing to the acquiring school corporation for the five (5) school years immediately preceding the transfer. Such agreement, as between school corporations, shall not, however, prejudice the rights of bondholders or lessors whose rights as against the losing and acquiring school corporations shall, upon enforcement, be allocated between them in accordance with subsection (a)(1) and ~~(2).~~ **(a)(2).**

SECTION 57. IC 20-4-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. Except as otherwise provided with respect to the power to issue bonds in section 10 of this chapter, said school board shall perform the duties and shall have all the powers vested in the school board or board of trustees of a school city of the class in which the consolidated school corporation would fall on the basis of its population according to the last preceding United States census under the statutes of this state, if it were organized as a school city. In the event, however, such consolidated school corporation has a population determined in such manner of less than two thousand (2,000), such school board shall perform the duties and shall have all the powers vested in the school board of a school town. The cost of maintaining such consolidated schools shall be borne by the consolidated school corporation as a single tax unit. ~~Taxes to meet such cost shall be levied by said consolidated school board at a uniform and equal rate on all the taxable property located within the limits of said consolidated school corporation, and collected in the city or cities, town or towns, township or townships in the same manner as other~~

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~~taxes are levied and collected.~~

SECTION 58. IC 20-4-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. (a) Whenever it shall become necessary to build a new building or buildings, or to make repairs or alterations on old ones, said school board shall have the power to build such new building or buildings, or to repair or alter such old ones as they may deem necessary and to purchase the necessary site therefor. ~~and the cost thereof shall be taxed against all taxable property lying within the corporate limits of such newly consolidated school corporation.~~ Said school board shall have the power to issue bonds of such new school corporation ~~against the taxable property lying within the corporate limits of the newly consolidated school corporation~~ to meet the cost of any new building or buildings, or the repair or alteration of old ones.

(b) Such bonds authorized by this chapter shall be payable in such amounts and at such times as the school board may determine, and shall bear such rate of interest as may be determined.

~~(c) Said board shall have the power to levy and collect taxes to meet the payment of any bonds issued pursuant to this chapter; Provided, That said school board shall have all of the powers given and granted to school corporations for the appropriation of the real estate for school purposes, by IC 20-5-23.~~

SECTION 59. IC 20-4-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. (a) County school corporations may be formed in any county in either of the following ways:

(1) By majority vote of the township trustees in any county, who shall hold an officially called public meeting wherein taxpayers of the county may be heard, at least ten (10) days following publication of notice of such meeting held within said county and stating the time and place thereof in accordance with IC 5-3-1 and who shall therein adopt a resolution wherein such trustees shall provide for and approve the creation of such county school corporation, then said county school corporation shall be created and come into existence subject to the provisions and under the conditions prescribed in this chapter.

(2) By action of the voters within any county in the following manner:

(A) Whenever a petition requesting a referendum in the township school corporations outside of the cities and towns of a county, on the question of whether said county school corporation shall be created, signed by a number of registered

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voters in each school township in the county equal to five percent (5%) of the number of votes cast in that township for the office of secretary of state in the last general election shall be filed in the office of the clerk of the circuit court in said county, the clerk shall call a meeting of the county election board, which board shall provide for said referendum.

(B) If the referendum will not be conducted at a general election or primary election, the proper ~~taxing~~ authorities shall ~~levy and~~ appropriate funds for such a referendum.

(C) Said referendum shall be held at a special election not less than thirty (30) days after publication of notice in accordance with IC 5-3-1 or at the next primary or general election after the filing of said petition and shall be submitted only to voters of the county residing in said area.

(b) The question shall be placed on the ballot in the form prescribed by IC 3-10-9-4 and must state "Shall the school townships of_____ county be formed into one county school corporation under IC 20-4-8?".

(c) In the event a majority of those voting on such referendum vote in the affirmative, a county school corporation shall be created and come into existence subject to the provisions and under the conditions described under this chapter. In the event a majority of those voting in said referendum vote in the negative, the existing school corporations and government thereof shall remain unaffected.

SECTION 60. IC 20-4-8-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 11. (a) The board as above referred to shall make decisions pertaining to the general conduct of the schools which shall be enforced as entered upon the minutes recorded by the secretary of the board, and subject to provisions in this chapter otherwise, shall exercise all powers previously exercised under the law, by or through township trustees or meetings or petitions of the township trustees of the county, or county boards of education previously existing and such offices, namely, township trustee, county board or county boards of education insofar as the conduct of public schools is concerned are abolished as of noon on the day and date the county school corporation is created and comes into existence under this chapter.

(b) The county superintendent of schools and other persons employed for administrative or supervisory duties may be deemed to be supervisors of instruction.

(c) The government of the common schools of the county shall be vested in the board, and the board shall function with all the authority,

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powers, privileges, duties, and obligations previously granted to or required of school cities and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the insuring of property and employees, the levying and collecting of taxes **under IC 6-3.5-9,** the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board, shall be a body corporate and politic by the name and style of "The County School Corporation of _____ County, Indiana" with the right to prosecute and defend suits; and shall act in any manner necessary to the proper administration of the common schools of the county.

(d) School corporations shall be vested with all rights, titles, and interests of their respective predecessor township and town school corporations terminated; and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness, obligations, and liabilities and duties of the predecessor corporations from whatever source derived and however arising, and shall institute and defend suits arising out of aforesaid liabilities, obligations, duties, and rights assumed as a county school corporation.

(e) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount equal to the largest sum of money that will be in the possession of the treasurer at any one time, conditioned as an ordinary official bond, with a reliable surety company or at least two (2) sufficient freehold sureties, who shall not be members of such board, as surety or sureties on such bond. The president and the secretary shall each give bond, with like surety or sureties, to be approved by the county auditor, in the sum of one-fourth (1/4) of said amount. Boards of school trustees may purchase bonds from some reliable surety company and pay for them out of the special school revenue of their respective counties.

(f) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

~~(g) Every such board shall have the power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board,~~

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~~and it is made the duty of such board annually to levy a rate and levy that will produce a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board. The power of such board in so making tax levies shall be exercised within existing statutory limits and said levies shall be subject to the same review as school city levies.~~

SECTION 61. IC 20-4-8-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 21. (a) The board as referred to in this chapter shall make decisions pertaining to the general conduct of the schools which shall be enforced as entered upon the minutes recorded by the secretary of the board, and, subject to this chapter, shall exercise all powers previously exercised under the law, by or through township trustees or meetings or petitions of the township trustees of the county ~~and/or~~ **or** county boards of education previously existing, and such offices, namely township trustee, county board ~~and/or~~ **or** county boards of education insofar as the conduct of public schools is concerned are hereby abolished as of noon on the day and date the metropolitan school district is created and comes into existence.

(b) The metropolitan superintendent of schools and other persons employed for administrative or supervisory duties may be deemed to be supervisors of instruction and as such eligible, subject to the rules that have been or shall be adopted by the **Indiana** state board of education, to qualify for teaching units in accordance with law.

(c) The government of the common schools of said district shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations previously granted to or required of school cities and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the insuring of property and employees, the levying and collecting of taxes **under IC 6-3.5-9,** the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board; shall be a body corporate and politic by the name and style of "The Metropolitan School District of _____, Indiana" with the right to prosecute and defend suits and shall act in any manner necessary to the proper administration of the common schools of the county.

(d) Such school districts shall be vested with all rights, titles, and interests of their respective predecessor township and town school

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corporations hereby terminated and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness, obligations, and liabilities and duties of said predecessor corporations from whatever source derived and however arising and shall institute and defend suits arising out of aforesaid liabilities, obligations, duties, and rights assumed as a metropolitan school district.

(e) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor which shall in no event be greater than the largest sum of money that will be in the possession of the treasurer at any one **(1)** time. The board of education may purchase said bond from a reliable surety company and pay for it out of the special school revenue of the metropolitan district.

(f) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

~~(g) Every such board shall have the power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board, and it is hereby made the duty of such board annually to levy a rate and levy that will produce a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board. The power of such board in so making tax levies shall be exercised within statutory limits and said levies shall be subject to the same review as school city levies.~~

SECTION 62. IC 20-4-10.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) Each plan is subject to the following limitations:

(1) A member of the governing body may not serve for a term of more than four (4) years, but may succeed himself in office. This limitation does not, however, apply to members who hold over during an interim period to effect a new plan awaiting the selection and qualification of a member under the new plan.

(2) The plan, if the members are to be elected, shall conform with one (1) of the types of board organization permitted by IC 20-4-1-26.2, or if appointed shall conform with one (1) of the types permitted by IC 20-4-1-26.3.

(3) The terms of the members of the governing body, either

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elected to or taking office on or before the time the plan takes effect, may not be shortened. The terms of the members taking office pursuant to the plan shall be shortened, if necessary, to make the plan workable on a permanent basis.

(4) If the plan provides for electoral districts, where any member of the governing body is elected solely by the voters of a single district, the districts must be as near as practicable equal in population. The districts shall be reapportioned and their boundaries changed, if necessary, by resolution of the governing body prior to the election next following the effective date of the subsequent decennial census to preserve the equality by resolution of the governing body.

(5) The plan must comply with the Constitution of the State of Indiana and the Constitution of the United States, including the equal protection clauses of the constitutions.

(6) The provisions of IC 20-4-1-26.1 through ~~IC 20-4-1-26.9~~ **IC 20-4-1-26.8** relating to the board of trustees of a community school corporation and to the community school corporation, including provisions relating to powers of the board and corporation and provisions relating to the mechanics of selection of the board, where elected and where appointed, apply to any governing body set up by a plan pursuant to this chapter and to the school corporation.

(b) The limitations set out in this section need not be specifically set out in any plan, but are a part of the plan. Any plan shall be construed, if possible, to comply with this chapter. If any provision of the plan, or any application of the plan, violates this chapter, the invalidity does not affect the other provisions or applications of the plan that can be given effect without the invalid provision or application. To this end, all provisions of any plan are severable.

SECTION 63. IC 20-4-15-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. Whenever any civil city or town shall hereafter annex any territory in which there is located any real property of the original school corporation at the time of such annexation, such real property shall by virtue of such annexation become the property of the acquiring school corporation which shall make the payments provided by this section. If the original school corporation is indebted at the time of annexation for the acquisition or construction of such real property, the acquiring school corporation shall assume and pay as the same shall become due all instalments of principal and interest which fall due on such indebtedness after the end of the last calendar year in which the original school corporation is

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entitled to receive current ~~tax~~ receipts ~~from property tax levies on the property in the annexed territory.~~ **as agreed upon by the affected school corporations.** Such payments shall be made to the original school corporation as agent for payment to the holders of the indebtedness. Such indebtedness shall include but not by way of limitation, any indebtedness the proceeds of which were expended for the costs of acquisition or construction of the real property, and for the architects' fees, attorneys' fees and other costs attributable to such acquisition or construction and to the issuance or securing of such indebtedness. The acquiring school corporation shall also pay to the original school corporation the present value of the real property, less the principal amount of such indebtedness at the time of annexation to be paid by the acquiring school corporation. The present value of any land a part of the real property shall mean the present market value of land, and the present value of any buildings a part of the real property shall be the depreciated replacement cost of such building. The present value of such real property shall be determined by a majority vote of three (3) appraisers, one (1) to be selected by the governing body of the original school corporation, one (1) to be selected by the governing body of the acquiring school corporation, and the third by the appraisers thus appointed. Upon the failure of such appraisers to agree upon a third appraiser, he shall be appointed, upon motion of either such school corporation, by the judge of the circuit court in the county where the real property to be appraised is located. On payment by the acquiring school corporation of the present value of such real property less any such indebtedness, it shall be entitled to a deed for the real property from the original school corporation.

SECTION 64. IC 20-4-16-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. As used in this chapter, the following terms shall have the following meanings:

(a) "City" or "town" shall be a city or town which conducts its school as school city or school town or as part of a consolidated or metropolitan school corporation.

(b) "Annexing school corporation" shall be the school corporation of any city or town which annexes territory.

(c) "Original school corporation" shall be a school corporation from whom territory is annexed.

(d) "Annexed territory" shall be the territory annexed from an original school corporation by such city or town.

(e) "Tax receipts" shall be the amounts ~~received from the tax levy for~~ **deposited in** the tuition and special school funds by the original school corporation from the annexed territory.

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SECTION 65. IC 20-4-19-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 6. The merged school corporation shall have all the powers provided in IC 20-4-1-26.1 through ~~IC 20-4-1-26.9.~~ **IC 20-4-1-26.8.**

SECTION 66. IC 20-4-56-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. Whenever, in the judgment of a school trustee, or a board of school trustees, of any school corporation in this state lying adjacent to a school corporation of another state, the best interests of the public schools can be promoted by purchasing school grounds, repairing or erecting a schoolhouse or schoolhouses, and maintaining a school jointly between the two (2) adjacent school corporations, the school trustee or school trustees of the school corporation of this state so situated are hereby empowered to enter into an agreement with the school authorities of said adjacent school corporation for the purpose of purchasing school grounds, repairing or constructing school building or buildings, purchasing school furniture, equipment, appliances, fuel, employing teachers and maintaining a school when, in the judgment of said school trustee or trustees of this state, the best interests of the public school can be promoted by so doing, and such trustee or trustees of this state are hereby empowered to ~~levy taxes and~~ perform such ~~other~~ duties in maintaining such joint school as are otherwise provided by law for maintaining the public schools in this state. In carrying out the provisions of this section, the school corporation shall pay such proportion of the cost of purchasing school grounds, repairing or erecting new building or buildings, and in maintaining the joint school, as shall seem to be equitable and just, in the judgment of the school trustees of the two (2) adjacent school corporations.

SECTION 67. IC 20-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.

(2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars ($3,000) per budget year or one dollar ($1) per pupil, not to exceed twelve thousand

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five hundred dollars ($12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or ~~purchases~~ **purchase** money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by

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devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional

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duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such

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transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks, to furnish them without cost or to rent them to students, to participate in any textbook aid program, all in accordance with applicable law.

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes **under IC 6-3.5-9,** to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To purchase insurance or to establish and maintain a program of

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self-insurance to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of his duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a

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limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 68. IC 20-5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 6. If the governing board shall find, by written resolution, that an emergency exists which requires the expenditure of any money for any lawful corporate purpose which was not included in its existing budget, ~~and tax levy,~~ it may authorize the making of an emergency loan which may be evidenced by the issuance of its note or notes in the same manner and subject to the same procedure and restrictions as provided for the issuance of its bonds, except as to purpose. At the time for making the next annual budget ~~and tax levy~~ for such school corporation, the governing body shall make ~~a levy~~ **an appropriation** to the credit of the fund for which such expenditure is made sufficient to pay such debt and the interest thereon; however, the interest on the loan may be paid from the debt service fund.

SECTION 69. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 8. (a) Whenever the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of ~~revenues from taxes levied or~~ state tuition support distributions **or other receipts** for such fund, the governing board may issue warrants in anticipation of the receipt of said revenues.

(b) The principal of these warrants shall be payable solely from the fund for which the ~~taxes are levied~~ **receipts are received** or from the general fund in the case of anticipated state tuition support distributions. However, the interest on these warrants may be paid from the debt service fund, from the fund for which the ~~taxes~~ **receipts** are ~~levied,~~ **received,** or the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement.

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed eighty percent (80%) of the amount of taxes **under IC 6-3.5-9** and state ~~tuition support~~ distributions estimated to be collected or received for and distributed to the fund at the December settlement.

~~(e) At each settlement, the amount of taxes and state tuition support~~

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~~distributions estimated to be collected or received for and distributed to the fund includes any allocations to the fund from the property tax replacement fund.~~

~~(f)~~ **(e)** The estimated amount of ~~taxes and~~ state tuition support distributions **and other receipts** to be collected or received and distributed shall be made by the county auditor or the auditor's deputy. The warrants evidencing any loan in anticipation of ~~tax~~ revenue or state tuition support distributions shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

~~(g)~~ **(f)** Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

~~(h)~~ **(g)** No issue of ~~tax or state tuition support~~ anticipation warrants shall be made if the aggregate of all these warrants exceed twenty thousand dollars ($20,000) until the issuance is advertised for sale, bids received, and an award made by the governing board as required for the sale of bonds, except that the sale notice need not be published outside of the county nor more than ten (10) days before the date of sale.

SECTION 70. IC 20-5-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. ~~(1)~~ **(a)** Prior to the end of each ~~calendar~~ **school** year the state board of tax commissioners shall review the bond and lease rental ~~levies, or any levies which replace such levies,~~ **appropriations** of each school corporation ~~payable in the next succeeding year, and the appropriations from such levies from which the school corporation is to pay the amount, if any, of~~ **for** principal and interest on its general obligation bonds and of its lease rentals under IC 21-5-11 through IC 21-5-12, during such succeeding year (such amounts being referred to in this section as its "debt service obligations"). In the event such ~~levies and~~ appropriations of the school corporation are not sufficient to pay the debt service obligations, the state board shall establish for each school corporation ~~bond and lease, rental levies, or any levies which replace such levies and~~ appropriations which are sufficient to pay such debt service obligations.

~~(2)~~ **(b)** Upon the failure of any school corporation to pay any of its debt service obligations during any ~~calendar~~ **school** year when due, the

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treasurer of state upon being notified of such failure by any claimant shall make such payment from the funds of the state to the extent, but not in excess, of any amounts appropriated by the general assembly for the calendar year for distribution to such school corporation from state funds, deducting such payment from such amounts thus appropriated. ~~Such deducting being made, first from property tax relief funds to the extent thereof, second from all other funds except tuition support and third from tuition support.~~

~~(3)~~ **(c)** This section shall be interpreted liberally so that the state of Indiana shall to the extent legally valid ensure that the debt service obligations of each school corporation shall be paid, but nothing contained in this section shall be construed to create a debt of the state of Indiana.

SECTION 71. IC 20-5-13-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. (a) All school cities, school townships, school towns, and joint districts are hereby authorized to establish, equip, operate, and maintain school kitchens and school lunch rooms, for the improvement of the health of the school children attending school therein, and for the advancement of the educational work of their respective schools; to employ all necessary directors, assistants, and agents; and appropriate funds of such school corporations for such purpose. Such participation in a school lunch program pursuant to the provisions of this chapter shall be discretionary with the governing board of any school corporation.

(b) In the event that federal funds are not available for the purpose of carrying on a school lunch program, the state of Indiana shall not participate in such school lunch program and any money appropriated by the state of Indiana for such purpose, and not expended, shall immediately revert to the state general fund. Failure on the part of the state of Indiana to participate in the school lunch program shall not invalidate any appropriation made or school lunch program carried on by any school corporation by means of gifts or **other** money raised ~~by tax levy pursuant to the provisions of this chapter~~ for the purpose of such school lunch program.

SECTION 72. IC 20-5-17.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) This subsection does not apply to a school corporation in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000). The governing body of a school corporation may annually appropriate, from its general fund, a sum of not more than five-tenths of one cent ($0.005) on each one hundred dollars ($100) of assessed valuation in the school corporation to be

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paid to a historical society, subject to subsection (c).

(b) This subsection applies only to a school corporation in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000). To provide funding for a historical society under this section, the governing body of a school corporation may impose a tax of not more than five-tenths of one cent ($0.005) on each one hundred dollars ($100) of assessed valuation in the school corporation. This tax is not subject to ~~the tax levy limitations imposed on the school corporation by IC 6-1.1-19-1.5 or~~ the provisions of IC 21-2-11-8. The school corporation shall deposit the proceeds of the tax in a fund to be known as the historical society fund. The historical society fund is separate and distinct from the school corporation's general fund and may be used only for the purpose of providing funds for a historical society under this section. Subject to subsection (c), the governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to a historical society having facilities in the county.

(c) Before a historical society may receive payments under this section, its governing board must adopt a resolution that entitles:

(1) the governing body of the school corporation to appoint its superintendent and one (1) of its history teachers as visitors, with the privilege of attending all meetings of the society's governing board;

(2) the governing body of the school corporation to nominate two (2) persons for membership on the society's governing board;

(3) the school corporation to use any of the society's facilities and equipment for educational purposes consistent with the society's purposes;

(4) the students and teachers of the school corporation to tour the society's museum, if any, free of charge; and

(5) the school corporation to borrow artifacts from the society's collection, if any, for temporary exhibit in the schools.

SECTION 73. IC 20-5-17.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) This section applies to school corporations in a county containing a city having a population of:

(1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000);

(2) more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000);

(3) more than one hundred ten thousand (110,000) but less than one hundred twenty thousand (120,000);

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(4) more than ninety thousand (90,000) but less than one hundred ten thousand (110,000); or

(5) more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(b) In order to provide funding for an art association under this section, the governing body of a school corporation may impose a tax of not more than five-tenths of one cent ($0.005) on each one hundred dollars ($100) of assessed valuation in the school corporation. This tax is not subject to ~~the tax levy limitations imposed on the school corporation by IC 6-1.1-19-1.5 or~~ the provisions of IC 21-2-11-8.

(c) The school corporation shall deposit the proceeds of the tax imposed under subsection (b) in a fund to be known as the art association fund. The art association fund is separate and distinct from the school corporation's general fund and may be used only for the purpose of providing funds for an art association under this section. The governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to an art association having facilities in a city that is listed in subsection (a), subject to subsection (d).

(d) Before an art association may receive payments under this section, its governing board must adopt a resolution that entitles:

(1) the governing body of the school corporation to appoint its superintendent and its director of art instruction as visitors, with the privilege of attending all meetings of the association's governing board;

(2) the governing body of the school corporation to nominate persons for membership on the association's governing board, with at least two (2) of the nominees to be elected;

(3) the school corporation to use any of the association's facilities and equipment for educational purposes consistent with the association's purposes;

(4) the students and teachers of the school corporation to tour the association's museum and galleries free of charge;

(5) the school corporation to borrow materials from the association for temporary exhibit in the schools;

(6) the teachers of the school corporation to receive normal instruction in the fine and applied arts at half the regular rates charged by the association; and

(7) the school corporation to expect such exhibits in the association's museum as will supplement the work of the students and teachers of the corporation.

A copy of the resolution, certified by the president and secretary of the

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association, must be filed in the office of the school corporation before payments may be received.

(e) A resolution filed under subsection (d) need not be renewed from year to year but continues in effect until rescinded. An art association that complies with this section is entitled to continue to receive payments under this section as long as it so complies.

(f) Whenever more than one (1) art association in a city that is listed in subsection (a) qualifies to receive payments under this section, the governing body of the school corporation shall select the one (1) art association best qualified to perform the services described by subsection (c). A school corporation may select only one (1) art association to receive payments under this section.

SECTION 74. IC 20-5-62-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 6. Except as provided in this chapter and notwithstanding any other law, a freeway school corporation or a freeway school may do the following during the contract period:

(1) Disregard the observance of any statute or rule that is listed in the contract.

(2) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school corporation purpose, if the lessee has not received a bid from a private entity to provide transportation equipment or services for the same purpose.

(3) Replace the budget and accounting system that is required by law with a budget or accounting system that is frequently used in the private business community. The state board of accounts may not go beyond the requirements imposed upon the state board of accounts by statute in reviewing the budget and accounting system used by a freeway school corporation or a freeway school.

(4) Establish a professional development and technology fund to be used for:

(A) professional development; or

(B) technology, including video distance learning.

(5) Transfer funds obtained from sources other than state or local government taxation among any accounts of the school corporation, including a professional development and technology fund established under subdivision (4).

(6) Transfer funds obtained from property taxation and from state distributions among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5). ~~subject to the following:~~

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~~(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this subdivision.~~

~~(B)~~ **However,** this subdivision does not allow a school corporation to transfer to any other fund money from the:

~~(i)~~ **(A)** capital projects fund (established under IC 21-2-15); or

~~(ii)~~ **(B)** debt service fund (established under IC 21-2-4).

(7) Establish a locally adopted assessment program to replace the assessment of students under the ISTEP program established under IC 20-10.1-16-8, subject to the following:

(A) A locally adopted assessment program must be established by the governing body and approved by the department.

(B) A locally adopted assessment program may use a locally developed test or a nationally developed test.

(C) Results of assessments under a locally adopted assessment program are subject to the same reporting requirements as results under the ISTEP program.

(D) Each student who completes a locally adopted assessment program and the student's parent or guardian has the same rights to inspection and rescoring as are set forth in IC 20-10.1-16-7(d).

SECTION 75. IC 20-7.5-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 12. ~~Time Table for Coordination of Bargaining with the School Corporation Budget Requirements.~~

(a) Bargaining collectively between a school corporation and the exclusive representative shall begin on or before one hundred eighty (180) days prior to the submission of a budget by a school employer (herein referred to as the "submission date") which, for the purpose of this chapter, shall be the first date for the legal notice and publication for such budget. ~~as provided in IC 6-1.1-17-3.~~

(b) At any time after such one hundred eighty (180) days has begun, the board shall appoint a mediator if either party declares an impasse either in the scope of the items which are to be bargained collectively or on the substance of any item to be bargained collectively. If after five (5) days the mediator is unsuccessful in finding a solution to the problems or in causing the parties to reach agreement, either party may request the board to initiate fact-finding on the items which the parties are obligated to bargain collectively.

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(c) If no agreement has been reached on the items to be bargained collectively seventy-five (75) days prior to the submission date, the board shall initiate mediation.

(d) If no agreement has been reached on the items to be bargained collectively forty-five (45) days prior to the submission date, the board shall initiate fact-finding.

(e) If no agreement has been reached on the items to be bargained collectively fourteen (14) days prior to the submission date, the parties shall continue the status quo and the employer may issue tentative individual contracts and prepare its budget based thereon. During this status quo period in order to permit the successful resolution of the dispute, the employer may not unilaterally change the terms or conditions of employment that are issues in dispute. Nothing in this subsection, however, shall be construed as relieving the school employer or the school employee organization from the duty to bargain collectively until a mutual agreement has been reached, and a contract entered as called for in section 3 of this chapter.

(f) Nothing shall prevent either party from requesting mediation or fact-finding at any time after such one hundred eighty (180) days on items which must be bargained collectively under section 4 of this chapter, or prevent the parties acting together to request mediation or fact-finding on any items which must be bargained collectively under section 4 of this chapter.

SECTION 76. IC 20-8.1-3-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 17. (a) Subject to the specific exceptions under this chapter, each individual shall attend either a public school which the individual is entitled to attend under IC 20-8.1-6.1 or some other school which is taught in the English language.

(b) An individual is bound by the requirements of this chapter from the earlier of the date on which the individual officially enrolls in a school or, except as provided in subsection (h), the beginning of the fall school term for the school year in which the individual becomes seven (7) years of age until the date on which the individual:

(1) graduates;

(2) reaches at least sixteen (16) years of age but who is less than eighteen (18) years of age and the requirements under subsection (j) concerning an exit interview are met enabling the individual to withdraw from school before graduation; or

(3) reaches at least eighteen (18) years of age;

whichever occurs first.

(c) An individual who:

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(1) enrolls in school before the fall school term for the school year in which the individual becomes seven (7) years of age; and

(2) is withdrawn from school before the school year described in subdivision (1) occurs;

is not subject to the requirements of this chapter until the individual is reenrolled as required in subsection (b). Nothing in this section shall be construed to require that a child complete grade 1 before the child reaches eight (8) years of age.

(d) An individual for whom education is compulsory under this section shall attend school each year:

(1) for the number of days public schools are in session in the school corporation in which the individual is enrolled in Indiana; or

(2) if the individual is enrolled outside Indiana, for the number of days the public schools are in session where the individual is enrolled.

(e) In addition to the requirements of subsections (a) through (d), an individual must be at least five (5) years of age on:

(1) July 1 of the 1991-92 school year; or

(2) June 1 of the 1992-93 school year or any subsequent school year;

to officially enroll in a kindergarten program offered by a school corporation. However, subject to subsection (g), the governing body of the school corporation shall adopt a procedure affording a parent of an individual who does not meet the minimum age requirement set forth in this subsection the right to appeal to the superintendent of the school corporation for enrollment of the individual in kindergarten at an age earlier than the age that is set forth in this subsection.

(f) In addition to the requirements of subsections (a) through (e), and subject to subsection (g), if an individual enrolls in school as permitted under subsection (b) and has not attended kindergarten, the superintendent of the school corporation shall make a determination as to whether the individual shall enroll in kindergarten or grade 1 based on the particular model assessment adopted by the governing body under subsection (g).

(g) To assist the principal and governing bodies, the department shall do the following:

(1) Establish guidelines to assist each governing body in establishing a procedure for making appeals to the superintendent of the school corporation under subsection (e).

(2) Establish criteria by which a governing body may adopt a model assessment which will be utilized in making the

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determination under subsection (f).

(h) If the parents of an individual who would otherwise be subject to compulsory school attendance under subsection (b), upon request of the superintendent of the school corporation, certify to the superintendent of the school corporation that the parents intend to:

(1) enroll the individual in a nonaccredited, nonpublic school; or

(2) begin providing the individual with instruction equivalent to that given in the public schools as permitted under ~~IC 20-8.1-3-34;~~ **section 34 of this chapter;**

not later than the date on which the individual reaches seven (7) years of age, the individual is not bound by the requirements of this chapter until the individual reaches seven (7) years of age.

(i) The governing body of each school corporation shall designate the appropriate employees of the school corporation to conduct the exit interviews for students described in subsection (b)(2). Each exit interview must be personally attended by:

(1) the student's parent or guardian;

(2) the student;

(3) each designated appropriate school employee; and

(4) the student's principal.

(j) A student who is at least sixteen (16) years of age but less than eighteen (18) years of age is bound by the requirements of compulsory school attendance and may not withdraw from school before graduation unless:

(1) the student, the student's parent or guardian, and the principal agree to the withdrawal; and

(2) at the exit interview, the student provides written ~~acknowledgement~~ **acknowledgment** of the withdrawal and the student's parent or guardian and the school principal each provide written consent for the student to withdraw from school.

(k) For the purposes of this section, "school year" ~~has the meaning set forth in IC 21-2-12-3(j).~~ **means a year beginning July 1 and ending the next June 30.**

SECTION 77. IC 20-8.1-6.1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 8. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational

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training, or career education.

(2) "ADM" means the following:

(A) For purposes of allocating to a transfer student state distributions under IC 21-1-30 (primetime), "ADM" as computed under IC 21-1-30-2.

(B) For all other purposes, "ADM" as set forth in IC 21-3-1.6-1.1.

(3) "Pupil enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the Indiana state board of education.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the Indiana state board of education.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) a student.

(4) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized instruction program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

The Indiana state board of education may select a different date for counts under subdivision (3). However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 3 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student

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in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

(A) The following state distributions that are computed in any part using ADM or other pupil count in which the student is included:

(i) Primetime grant under IC 21-1-30.

(ii) Tuition support for basic programs and at-risk weights under IC 21-3-1.7-8 (before January 1, 1996) and only for basic programs (after December 31, 1995).

(iii) Enrollment growth grant under IC 21-3-1.7-9.5.

(iv) At-risk grant under IC 21-3-1.7-9.7.

(v) Academic honors diploma award under IC 21-3-1.7-9.8.

(vi) Vocational education grant under IC 21-3-1.8-3.

(vii) Special education grant under IC 21-3-1.8 (repealed January 1, 1996) or IC 21-3-10.

(viii) The portion of the ADA flat grant that is available for the payment of general operating expenses under IC 21-3-4.5-2(b)(1).

(B) For school years beginning after June 30, 1997, property tax levies.

(C) For school years beginning after June 30, 1997, excise tax revenue (as defined in IC 21-3-1.7-2) received for deposit in the calendar year in which the school year begins.

(D) For school years beginning after June 30, 1997, allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board

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of accounts. This calculation excludes:

(1) capital outlay;

(2) debt service;

(3) costs of transportation;

(4) salaries of board members;

(5) contracted service for legal expenses; and

(6) any expenditure which is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

(1) the cost of the special equipment; divided by

(2) the product of:

(A) the useful life of the special equipment, as determined under the rules adopted by the Indiana state board of education; multiplied by

(B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the pupil enrollment of each class in the transferee corporation compared to the total pupil enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

(1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by

(2) the pupil enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of pupil attendance, the transfer tuition shall be calculated by the portion of the school year for which the transferred student is enrolled. A school year of pupil attendance consists of the number of days school is in session for pupil attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. Where an agreement cannot be reached,

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the amount shall be determined by the Indiana state board of education, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

(1) the total amount of revenues received; by

(2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state distributions under IC 21-1-30, IC 21-3-10, or any other statute that computes the amount of a state distribution using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the pupil count used to compute the state distribution.

(h) In lieu of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. This contract is for a maximum period of five (5) years with an option to renew, and may specify a maximum number of pupils to be transferred and fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 9 of this chapter.

(i) If the school corporation can meet the requirements of IC 21-1-30-5, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian.

~~(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 6-1.1-19-5.1, the school corporation may appeal for an excessive levy as provided under IC 6-1.1-19-5.1.~~

SECTION 78. IC 20-8.1-6.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. ~~Transfer Tuition.~~ (a) The transferee corporation shall be entitled to receive from the transferor corporation transfer tuition for each transferred student for each school year calculated in two (2) parts: operating cost and capital cost. These shall be allocated on a per student basis separately for each class of school.

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(b) The operating cost for each class of school shall be based on the total expenditures of the transferee corporation for such class from its general fund expenditures as set out on the classified budget forms prescribed by the state board of accounts, excluding from such calculation capital outlay, debt service, costs of transportation, salaries of board members, contracted service for legal expenses and any expenditure which is made out of the general fund from extracurricular account receipts, for the school year.

(c) The capital cost for each class of school shall consist of the lesser of the following two (2) alternatives: Alternative one shall be based on an amount equal to five percent (5%) of the cost of transferee corporation's physical plant, equipment and all appurtenances thereto (including but not limited to buildings, additions and remodeling thereof, except ordinary maintenance, on-site and off-site improvements such as walks, sewers, waterlines, drives, and playgrounds) theretofore paid or obligated to be paid in the future out of the general fund, capital projects fund, or debt service fund, including but not limited to principal and interest and lease rental payments (or out of funds which were legal predecessors to these funds). Where any item of physical plant, equipment appurtenances, or portion thereof is more than twenty (20) years old at the beginning of the school year, the capital cost thereof shall be disregarded in making such computation. Alternate two shall be based on the amount budgeted from the general fund for capital outlay for physical plant, equipment and appurtenances and the amounts ~~levied for~~ **appropriated and expended from** the debt service fund and the capital projects fund, for the calendar year in which the school year ends.

(d) Where an item of expense or cost cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the ADM of each class in the transferee corporation compared to the total ADM therein.

(e) The transfer tuition for each student transferred for each school year shall be calculated by dividing the transferee school corporation's total operating costs and the total capital costs for the class of school in which the student is enrolled by the ADM of students therein. Where a transferred student is enrolled in a transferee corporation for less than the full school year the transfer tuition shall be calculated by the proportion of such school year for which the transferred student is enrolled. A school year for this purpose shall consist of the number of days school is in session for pupil attendance. A student shall be enrolled in a transferee school, whether or not he is in attendance,

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unless his residence is outside the area of students transferred to the transferee corporation, or he has been excluded or expelled from school or has been confirmed as a school dropout. The transferor and transferee corporations may enter into written agreements concerning the amount of transfer tuition. Where an agreement cannot be reached the amount shall be determined by the superintendent of public instruction, with costs to be established, where in dispute, by the state board of accounts.

(f) The transferor corporation shall also pay the transferee corporation, when billed, the amount of book rental due from transferred students who are unable to pay the amount thereof. The transferor corporation shall be entitled to collect the amount of such book rental from the appropriate township trustee, from its own funds, or from any other source, in the amounts and manner provided by applicable law.

SECTION 79. IC 20-8.1-6.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. (a) Where a transfer is ordered to commence in a school year, where the transferor corporation has net additional costs over savings (on account of any transfer ordered) allocable to the calendar year in which the school year begins, and where the transferee corporation has no budgeted funds for such net additional costs, they may be recovered by one (1) or more of the following methods in addition to any other methods provided by applicable law:

(1) An emergency loan made pursuant to IC 20-5-4-6 to be paid, however, out of the debt service levy and fund, or a loan from any state fund made available therefor.

(2) An advance in such calendar year of state funds, which would otherwise become payable to the transferee corporation after such calendar year pursuant to applicable law.

(3) A grant or grants in such calendar year from any funds of the state made available therefor.

(b) The net additional costs shall be certified by the state board of tax commissioners. ~~and any grant shall be made solely after affirmative recommendation of the tax control board created by IC 6-1.1-19-4.1. Repayment of any advance or loan from the state shall be made in accordance with IC 6-1.1-19-4.5(d). The use of any of the methods enumerated above shall not subject the transferor corporation to the provisions of IC 6-1.1-19-4.7.~~

SECTION 80. IC 20-8.1-6.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. ~~Transportation Costs) State Reimbursement.~~ Transportation costs for transferred students

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for each calendar year or for capital outlay and for operations shall be reimbursed by the state to the transferor corporation in the same percent of the total outlay which the distributions ~~to the transferor corporation under IC 1971, 21-3-1.5-3, or~~ from the state ~~flat grant distribution account where it is credited~~ to the ~~general~~ **transportation** fund constitute of its total annual ~~general~~ **transportation** fund appropriations for such year. In this calculation there shall be excluded from ~~general~~ **transportation** fund appropriations capital outlay **and** debt service. ~~and any expenditure which is made out of the general fund from extracurricular accounts. Any amount not thus reimbursed and raised as part of the transferor corporation's general fund levy shall constitute an increase in its base tax levy for such budget year, as otherwise defined and as applied in IC 6-1.1-1-16. and IC 6-1.1-19.~~ In no event shall the state reimbursement for transportation operating expense to the transferor corporation be less than it would receive under applicable law without regard to this section.

SECTION 81. IC 20-8.1-7-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 18. (a) Whenever the test required under section 17 of this chapter discloses that the hearing of any child is impaired and the child cannot be taught advantageously in regular classes, the governing body of the school corporation shall provide appropriate remedial measures and correctional devices. The governing body shall advise the child's parents of the proper medical care, attention, and treatment needed. The governing body shall provide approved mechanical auditory devices and prescribe courses in lip reading by qualified, competent and approved instructors. The superintendent of public instruction and the head of the rehabilitative services bureau of the division of disability, aging, and rehabilitative services shall cooperate with school corporations to provide this assistance; they shall also provide advice and information to assist school corporations in complying with this section. The local governing body may adopt rules and regulations for the administration of this section.

(b) Each school corporation may receive and accept bequests and donations for immediate use or as trusts or endowments to assist in meeting costs and expenses incurred in complying with the requirements of this section. When funds for the full payment of these expenses are not otherwise available, in any school corporation, any unexpended balance in the state treasury which is available for the use of local schools and is otherwise unappropriated may be loaned to the school corporation for that purpose by the governor. Any loan made by the governor under this section shall be repaid to the fund in the state

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treasury from which it came within two (2) years after the date it was advanced. These loans shall be repaid ~~through the levying of taxes in the borrowing~~ **from any funds available to the** school corporation. **If the advance is not repaid, the amount due may be withheld from the distribution of state funds to the school corporation to which the advance is made.**

SECTION 82. IC 20-9.1-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. ~~Definition, "Private School".~~ As used in this article, the term "private school" means any school ~~which is not supported and maintained by funds realized from the imposition of a tax on property, income or sales.~~ **that is not a school corporation (as defined in IC 36-1-2-17).**

SECTION 83. IC 20-9.1-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. ~~Security Agreements, Generally.~~ A security agreement under this chapter shall run for a period not longer than six (6) years. It shall be amortized in equal, or approximately equal, installments, payable on the first day of January and July each year. ~~The first installment of principal and interest shall be due and payable on the first day of July next following the collection of a tax which was levied after execution of the security agreement.~~

SECTION 84. IC 20-9.1-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. ~~Security Agreements, Appropriation.~~ Before a security agreement is executed, an appropriation for the amount of the purchase price shall be made. This appropriation is made in the same manner as any other appropriation, except that its amount is not limited by the amount of funds presently available or the amount to be ~~raised by a presently effective tax levy.~~ **received from the state or under IC 6-3.5-9 at the time of the loan.** No petition to borrow, notice to taxpayers or other formality is necessary except as specifically provided under this chapter and except as may be required by law for the issuance of general obligation bonds.

SECTION 85. IC 20-9.1-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. When a school corporation requires funds to purchase a school bus for cash, it may, in lieu of issuing general obligation bonds, negotiate for and borrow funds or purchase the bus on an installment conditional sales contract or promissory note secured by the bus. To effect a loan, the school corporation shall execute its negotiable note or notes to the lender. The notes shall not extend for more than six (6) years and shall be payable at the same times and in the same manner as provided for security

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agreements in section 2 of this chapter. Before a note is executed, an appropriation for the amount of the purchase price of the buses and any incidental expenses connected with the purchase or the loan, shall be made in the same manner as other appropriations are made, except that the amount of the appropriation is not limited by the amount of funds available at the time of loan or purchase or by the amount of funds to be ~~raised by a tax levy effective~~ **received from the state or under IC 6-3.5-9** at the time of the loan. No petition to borrow, notice to taxpayers, or other formality is necessary to borrow funds under this section except as specifically provided in this chapter.

SECTION 86. IC 20-10.1-6.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. As used in this chapter:

"Advancement fund" refers to the school technology advancement account as created under section 4 of this chapter.

"Board" refers to the **Indiana** state board of education established under IC 20-1-1-1.

"School corporation" ~~means any corporation authorized by law to establish public schools and levy taxes for their maintenance.~~ **has the meaning set forth in IC 36-1-2-17.**

SECTION 87. IC 20-10.1-25.3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 11. (a) The department shall list all school corporations in Indiana according to ~~assessed valuation for property tax purposes~~ **budget** per student in ADM, beginning with the school corporation having the lowest ~~assessed valuation for property tax purposes~~ **budgeted amount** per student in ADM.

(b) The department must prepare a revised list under subsection (a) before a new series of grants may begin.

(c) The department shall determine those school corporations to be placed in a group to receive a grant in a fiscal year under this chapter as follows:

(1) Beginning with the school corporation that is first on the list developed under subsection (a), the department shall continue sequentially through the list and place school corporations that qualify for a grant under section 6 of this chapter in a group until the cumulative total ADM of all school corporations in the group depletes the money that is available for grants in the fiscal year.

(2) Each fiscal year the department shall develop a new group by continuing sequentially through the list beginning with the first qualifying school corporation on the list that was not placed in a group in the prior fiscal year.

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(3) If the final group developed from the list contains substantially fewer students in ADM than available money, the department shall:

(A) prepare a revised list of school corporations under subsection (a); and

(B) place in the group qualifying school corporations from the top of the revised list.

(4) The department shall label the groups with sequential numbers beginning with "group one".

SECTION 88. IC 21-1-1-54 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 54. The auditor of each county shall, semiannually, on the second Monday of July and on the last Monday in January make apportionment of the school revenue to which his county is entitled to the several townships and incorporated towns and cities of the county; which apportionment shall be paid to the school treasurer of each township and incorporated town and city by the county treasurer. In making the apportionment and distribution thereof, the auditor shall ascertain the amount of the congressional township school revenue belonging to each city, town, or township, and shall apportion the other school revenue so as to equalize the amount of available school revenue for tuition to each city, town, and township, as near as may be, according to the enumeration of children therein, and report the amount apportioned to the superintendent of public instruction, verified by affidavit; however, in no case shall the income of the congressional township school fund belonging to any congressional township, or part of such township, be diminished by such apportionment, or diverted or distributed to any other township. In making the apportionment and distribution of the state tuition revenues apportioned to the county by the superintendent of public instruction, in case any school corporation shall not have expended for tuition purposes in any school year an amount as great as the amount of state tuition revenue apportioned and distributed to said corporation by the auditor for said school year, then it shall be the duty of the auditor, at the first apportionment after the annual report of the receipts and expenditures of said school corporation shall have been filed with the county commissioners, to deduct from the whole amount of state tuition revenue apportioned to said school corporation an amount equal to the difference between the amount of state tuition revenue apportioned and distributed to said school corporation for use in such school year and the whole amount shown by such annual report to have been actually expended for tuition purposes, and there shall be paid to the treasurer of said school corporation the sum remaining after such

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amount shall have been deducted, and the county auditor shall include all such deductions in his report to the state superintendent of public instruction as tuition revenue collected in his county and ready for distribution at the next apportionment. ~~Funds arising from the local tuition tax shall not be considered in making the deductions provided for in this section, nor included in the report to the state superintendent of public instruction.~~

SECTION 89. IC 21-1-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. (a) Priority of advances for school building construction programs shall be made to school corporations and school townships which have the ~~least amount of adjusted assessed valuation~~ **lowest budgeted amount** per pupil in average daily attendance.

(b) Priority of advances for educational technology programs shall be on whatever basis the Indiana state board of education, after consulting with the department of education and the budget agency, periodically determines.

SECTION 90. IC 21-3-3.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. (a) In addition to the transportation distributions provided for in sections 1 ~~2.1,~~ and 3 of this chapter, the state shall also reimburse school corporations an amount not to exceed eighty percent (80%) of the additional cost of:

(1) transporting students with disabilities enrolled in special education programs; and

(2) transporting students enrolled in vocational programs to and from their regular school to an area vocational school.

(b) If eighty percent (80%) of the amount of the claims for reimbursement by school corporations under this section exceeds the appropriation for such purpose in any calendar year, the percentage of reimbursement shall be reduced to that percent which such appropriation bears to the total amount of the claims for reimbursement.

(c) Costs for a calendar year under this section are those costs attributable to transporting these pupils during the school year ending in the calendar year.

SECTION 91. IC 21-1-11-2 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) The **Indiana** state board of education is authorized, subject to the provisions of this chapter, to order and direct the auditor of state to divert and make an advancement periodically from the state school tuition fund for the construction, remodeling, or repair of school buildings to any school corporation or school organized and existing

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under and pursuant to any law of the state of Indiana for the operation of a public school which is a part of the common school system of the state. An advancement to any school or school corporation under section 3 of this chapter shall not be in excess of two hundred fifty thousand dollars ($250,000). However, this dollar limitation is waived if

~~(1) the school corporation has an adjusted assessed valuation per pupil ADA of less than eight thousand four hundred dollars ($8,400);~~

~~(2) the school corporation's debt service tax rate would exceed three dollars ($3) for each one hundred dollars ($100) of assessed valuation without a waiver of the dollar limitation; and~~

~~(3)~~ the ~~school property tax control~~ **state** board **of tax commissioners** recommends a waiver of the limitation.

(b) All advancements shall be made by the **Indiana** state board of education only as set forth in this chapter. In no instance shall an advancement be made for any purpose other than the construction, remodeling, or repairing of school buildings and classrooms and shall not be made for gymnasiums, auditoriums, or any athletic facilities.

SECTION 92. IC 21-1-11-2 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 2.(a) The **Indiana** state board of education is authorized, subject to the provisions of this chapter, to order and direct the auditor of state to divert and make an advancement periodically from the state school tuition fund for the construction, remodeling, or repair of school buildings to any school corporation or school organized and existing under and pursuant to any law of the state of Indiana for the operation of a public school which is a part of the common school system of the state. An advancement to any school or school corporation under section 3 of this chapter shall not be in excess of two hundred fifty thousand dollars ($250,000). However, this dollar limitation is waived if

~~(1) the school corporation has an adjusted assessed valuation per pupil ADA of less than eight thousand four hundred dollars ($8,400);~~

~~(2) the school corporation's debt service tax rate would exceed one dollar ($1) for each one hundred dollars ($100) of assessed valuation without a waiver of the dollar limitation; and~~

~~(3) the school property tax control board~~ **the state board of tax commissioners** recommends a waiver of the limitation.

(b) All advancements shall be made by the **Indiana** state board of education only as set forth in this chapter. In no instance shall an

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advancement be made for any purpose other than the construction, remodeling, or repairing of school buildings and classrooms and shall not be made for gymnasiums, auditoriums, or any athletic facilities.

SECTION 93. IC 21-1-11-3 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. The **Indiana** state board of education shall make nondisaster advancements to schools and school corporations under the provisions of this chapter only when the following conditions exist:

~~(a)~~ **(1)** The school buildings and classrooms of any school or school corporation are not adequate for the proper education of the pupils in that school or school corporation and the school or 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.

~~(b)~~ **(2)** The school corporation or school has issued its bonds for the purpose of constructing, remodeling, or repairing schools and school buildings in ninety percent (90%) of the maximum amount allowable under the constitution and laws of the state of Indiana.

~~(c)~~ **(3)** The school or 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 pupils therein.

~~(d) The school corporation or school shall have established and maintained a tax levy in the amount of at least fifty cents ($0.50) on each one hundred dollars ($100) of taxable property within the school corporation for school building purposes continuously for three (3) years prior to the time when the school or school corporation shall make application to the state board of education for an advancement.~~

SECTION 94. IC 21-1-11-3 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. The **Indiana** state board of education shall make nondisaster advancements to schools and school corporations under the provisions of this chapter only when the following conditions exist:

~~(a)~~ **(1)** The school buildings and classrooms of any school or school corporation are not adequate for the proper education of the pupils in that school or school corporation and the school or 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.

~~(b)~~ **(2)** The school corporation or school has issued its bonds for the purpose of constructing, remodeling, or repairing schools and

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school buildings in ninety percent (90%) of the maximum amount allowable under the constitution and laws of the state of Indiana.

~~(c)~~ **(3)** The school or 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 pupils therein.

~~(d) The school corporation or school shall have established and maintained a 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 prior to the time when the school or school corporation shall make application to the state board of education for an advancement.~~

SECTION 95. IC 21-1-11-5 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. The **Indiana** state board of education shall compute and ascribe to such applicant school or school corporation a school building index, which shall be the ratio of the school building need, in terms of money, to the school corporation ~~tax ability,~~ **debt capacity under the debt limit under IC 21-10,** in terms of money. ~~both as defined in this section as follows:~~

~~(a)~~ The school building need, in terms of money, of a school or school corporation shall be determined by adding to the average daily attendance of school children in grades one (1) through twelve (12) of such school or school corporation during the current school year in which application for an advancement is made, twice the average daily attendance increase of said school or school corporation for the preceding three (3) years. However, the state board of education shall have authority to make adjustments to reflect the effect of changes of boundary lines, loss of transfer pupils, or loss of resident pupils to private, parochial, or cooperative program schools within such three (3) year period. The sum so obtained shall then be divided by twenty-five (25) to determine the number of classrooms needed to house the estimated enrollment increase. From the quotient so obtained there shall be subtracted the number of classrooms which are owned, or under a lease-rental arrangement, or under construction in said school corporation and which 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 pupils under standards and

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procedures prescribed by the Indiana state board of education, or which have been condemned under the provisions of IC 20-5-44 and which are to be replaced by funds applied for. The remainder so obtained shall be multiplied by the amount of twenty thousand dollars ($20,000), and the product thereof shall be the school building need of such school or school corporation in the terms of money.

~~(b) The school corporation tax ability, in terms of money, shall be six and one-half percent (6 1/2%) of the value of the taxable property within a school corporation according to the last and latest assessment for state and county taxes immediately preceding the date of application, minus the principal amount of any outstanding general obligation bonds of such school or school corporation, and minus the principal amount of outstanding obligations of any corporation or holding company which has entered into a lease-rental agreement with the applicant school corporation, and minus the principal amount of outstanding civil township, town, or city school building bonds.~~

~~(c) If the school corporation tax ability of any school corporation as computed under subdivision (b) is less than one hundred dollars ($100), the school corporation tax ability shall be deemed to be and shall be considered for the purposes of this chapter as being in the amount of one hundred dollars ($100).~~

SECTION 96. IC 21-1-11-5 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 5. The **Indiana** state board of education shall compute and ascribe to such applicant school or school corporation a school building index, which shall be the ratio of the school building need, in terms of money, to the school corporation ~~tax ability,~~ **debt capacity under the debt limit under IC 21-10,** in terms of money. ~~both as defined in this section as follows:~~

~~(a)~~ The school building need, in terms of money, of a school or school corporation shall be determined by adding to the average daily attendance of school children in grades one (1) through twelve (12) of such school or school corporation during the current school year in which application for an advancement is made, twice the average daily attendance increase of said school or school corporation for the preceding three (3) years. However, the state board of education shall have authority to make adjustments to reflect the effect of changes of boundary lines, loss of transfer pupils, or loss of resident pupils to private, parochial, or cooperative program schools within such three (3) year period.

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The sum so obtained shall then be divided by twenty-five (25) to determine the number of classrooms needed to house the estimated enrollment increase. From the quotient so obtained there shall be subtracted the number of classrooms which are owned, or under a lease-rental arrangement, or under construction in said school corporation and which 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 pupils under standards and procedures prescribed by the Indiana state board of education, or which have been condemned under the provisions of IC 20-5-44 and which are to be replaced by funds applied for. The remainder so obtained shall be multiplied by the amount of twenty thousand dollars ($20,000), and the product thereof shall be the school building need of such school or school corporation in the terms of money.

~~(b) The school corporation tax ability, in terms of money, shall be six and one-half percent (6 1/2%) of the adjusted value of taxable property within a school corporation as determined under IC 36-1-15 for state and county taxes immediately preceding the date of application, minus the principal amount of any outstanding general obligation bonds of such school or school corporation, and minus the principal amount of outstanding obligations of any corporation or holding company which has entered into a lease-rental agreement with the applicant school corporation, and minus the principal amount of outstanding civil township, town, or city school building bonds.~~

~~(c) If the school corporation tax ability of any school corporation as computed under subdivision (b) is less than one hundred dollars ($100), the school corporation tax ability shall be deemed to be and shall be considered for the purposes of this chapter as being in the amount of one hundred dollars ($100).~~

SECTION 97. IC 21-2-3.1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. This chapter applies if a township board finds, at an annual or special meeting of the board, that:

(1) it is necessary to provide for the construction of a school building; and

(2) the cost of the building, or the proportional cost if it is a joint graded high school building, will be in excess of the ~~sum available from an annual levy.~~ **available funds.**

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SECTION 98. IC 21-2-3.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. (a) The board may authorize the trustee to issue township warrants or bonds to pay for the building or the proportional cost of it. The warrants or bonds:

(1) may run for a period not exceeding fifteen (15) years;

(2) may bear interest at any rate; and

(3) shall be sold for not less than par.

The township trustee, before issuing the warrants or bonds, shall advertise in newspapers that bonds are to be sold in at least one (1) issue a week for three (3) weeks, in accordance with IC 5-3-1. The notice must set forth the amount of bonds offered, the denomination, the period to run, the rate of interest, and the date, place, and hour of selling. The township board shall attend the sale of bonds and must concur in the sale before the bonds are sold. ~~The board shall annually levy sufficient taxes each year to pay at least one-fifteenth (1/15) of the warrants or bonds, including interest, and the trustee shall apply the annual tax to the payment of the warrants or bonds each year.~~

(b) A debt of the township may not be created except by the township board in the manner specified in this section. Payment of a debt from the public funds of the township not so authorized is recoverable upon the bond of the trustee in a suit that the board shall institute and prosecute, in the name of the state, for the use of the township. The board may appropriate and the township trustee shall pay, out of the township funds, a reasonable sum for attorney's fees for this purpose. If the board, on the written demand of any taxpayer, fails for thirty (30) days to bring suit, then that or any other taxpayer may bring the suit, in the name of the state, for the use of the township.

SECTION 99. IC 21-2-3.2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. Upon approval by the state board of tax commissioners, the township trustee may, with the consent of the township board, issue and sell the bonds of the civil township in an amount sufficient to pay for the alteration, construction, or addition described in section 2 of this chapter. ~~The trustee may levy a tax on the taxable property of the township in an amount sufficient to discharge the bonds issued and sold.~~ The bonds may not bear a maturity date more than twenty (20) years from the date of issue.

SECTION 100. IC 21-2-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. The governing body of each school corporation in Indiana shall establish a debt service fund for the payment of:

(1) all debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds

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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 20-9.1-6-5, for that purpose;

(5) all debt and other obligations arising out of funds borrowed to pay judgments against the school corporation; or

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

The term "debt service" shall include but not be limited to lease rental obligations, school bonds and coupons and civil bond obligations assumed by school corporations reorganized pursuant to IC 20-4-1, and any interest cost on emergency and temporary loans but shall not include the repayment of the principal of the emergency and temporary loans obtained for benefit of any other fund. All receipts and disbursements authorized by law ~~for school funds and tax levies~~ for the lease rental fund, bond fund, sinking fund, civil bond obligation fund, and payment of interest on emergency and temporary loans shall be received in and disbursed from the debt service fund.

SECTION 101. IC 21-2-5.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. The repair and replacement fund shall be used solely for the repair of buildings and the repair and replacement of building fixtures that are owned or leased by the school corporation and that are of a type constituting loss capable of being covered by casualty insurance. Expenditures from this fund shall be made only after appropriation in the school corporation annual budget or by an additional appropriation. ~~under IC 6-1.1-18-5.~~ The fund may extend for a specified number of years, not to exceed five (5), and for a specified annual amount permitted to be expended during each year. The unexpended balance in the fund at the close of a calendar year carries forward in the fund to the next calendar year. The amount to be expended is composed of any balance in the fund at the beginning of the year and any transfers into the fund from the capital projects fund or the general fund made without appropriation. Any balance in the repair and replacement fund from time to time may be invested in the manner provided for investment of general fund moneys and the net proceeds from the investment become a part of the repair and replacement fund.

SECTION 102. IC 21-2-5.5-3 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. The procedure for establishing a repair and replacement fund is the same as the procedure to be used in making an additional appropriation. ~~under IC 6-1.1-18-5.~~ The resolution of the governing body must be in the form prescribed by the state board of tax commissioners and must contain at least the following:

(1) The annual amount permitted to be expended from the fund each year.

(2) The duration of the fund, which may not exceed five (5) years.

(3) That the sources for the fund for each year shall be from either the general fund or the capital projects fund, or both.

SECTION 103. IC 21-2-5.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. Subject to the approval of the commissioner of the department of insurance, the governing body of the school corporation may:

(1) for eventual transfer to the self-insurance fund, include an amount of money in

~~(A)~~ the general fund budget; ~~and~~

~~(B) the general fund tax levy and rate;~~

(2) transfer monies from the general fund to the self-insurance fund; or

(3) appropriate monies from the general fund for the self-insurance fund.

SECTION 104. IC 21-2-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. (a) In all cases where a school township of the state of Indiana has acquired or may acquire any personal property or money by gift, devise, or bequest, and when in respect to any such gift, devise, or bequest, the donor or testator, at the time of making same, has not or did not attach any conditions or directions concerning the way or manner in which the gift, devise, or bequest may or shall be used or expended for the benefit of the public schools of any such school township, upon petition signed by not less than fifty (50) or more resident freeholders of such school township, being filed on or before August 1 with the trustee of such school township, requesting the township board to appropriate and transfer all of such gift, devise, or bequest to a cumulative building or sinking fund to be used for the erection of a new school building or buildings, the trustee shall give notice to the taxpayers of such school township, by publication, that on the same day and date on which such township board will meet for the purpose of establishing ~~the tax levy~~ **a budget** for the ensuing year, all persons interested in the proposed petition may appear and be heard.

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(b) If the township board, after such hearing, shall grant the petition, then such township board shall appropriate and transfer all the money of such gift, devise, or bequest to a cumulative building or sinking fund for the erection of a new school building or buildings.

(c) If any such gift, devise, or bequest shall consist of stock, bonds, or other personal property, such trustee, with the consent and approval of the township board, is hereby authorized to sell such stocks, bonds, or other personal property for not less than the market value thereof on the day on which the same is sold.

SECTION 105. IC 21-2-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. The governing body of each school corporation in ~~the state of~~ Indiana shall establish a general fund for the operation and maintenance of local schools. ~~and~~ **After June 30, 2000, a school corporation may not impose a property tax** levy ~~a tax therefor.~~ **for the general fund or the repayment of a loan or other obligation from the general fund.** All receipts and disbursements heretofore authorized by law for school funds ~~and tax levies~~ for the tuition fund, special school fund, special fund, vocational fund, recreation fund, compulsory education fund, school library fund, high school library fund, public employee's retirement fund, operating fund, transportation tax and county wide school tax shall, on and after January 1, 1968, be received in and disbursed from the general fund. ~~Tax levy and rate for the general fund shall be established by the governing body of each school corporation for the 1968 calendar year and all succeeding calendar years. Any balances of all the aforesaid funds on January 1, 1968 shall be transferred to the general fund.~~

SECTION 106. IC 21-2-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. **(a) This section does not authorize the levy of a property tax for expenditures from a school general fund.**

(b) Any lawful school expenses payable from any other fund of the school corporation, including without limitation debt service and capital outlay, but excluding costs attributable to transportation as defined in IC 21-2-11.5-2, may be budgeted in and paid from the general fund. In addition, remuneration for athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3) may be budgeted in and paid from the school corporation's general fund.

SECTION 107. IC 21-2-11-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. Any self-supporting programs maintained by any school corporation, including but not

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limited to school lunch and rental or sale of textbooks, may be established as separate funds, separate and apart from the general fund. ~~if no local tax rate is established therefor.~~

SECTION 108. IC 21-2-11.5-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3.1. (a) Before a governing body may ~~collect property taxes for~~ **expend money from** the school transportation fund's school bus replacement account in a particular calendar year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year for all years before 1999 and not later than January 31 for 1999 and all subsequent years.

(1) conduct a public hearing on; and

(2) pass a resolution to adopt;

a plan under this section.

(b) The state board of tax commissioners shall prescribe the format of the plan. A plan must apply to at least the ten (10) budget years immediately following the year the plan is adopted. A plan must at least include the following:

(1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the transportation fund's school bus replacement account.

(2) A presumption that the minimum useful life of a school bus is not less than ten (10) years.

(3) An identification of

~~(A)~~ the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year. ~~and~~

~~(B) the amount of property taxes to be collected in that year and the unexpended balance to be retained in the account for expenditures proposed for a later year.~~

(4) If the school corporation is seeking to:

(A) acquire; or

(B) contract for transportation services that will provide;

additional school buses or school buses with a larger seating capacity as compared to the number and type of school buses from the prior school year, evidence of a demand for increased transportation services within the school corporation. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement account.

(5) If the school corporation is seeking to:

(A) replace an existing school bus earlier than ten (10) years after the existing school bus was originally acquired; or

(B) require a contractor to replace a school bus;

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evidence that the need exists for the replacement of the school bus. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement account.

(6) Evidence that the school corporation that seeks to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (4) or for replacement purposes.

(c) After reviewing the plan, the state board of tax commissioners shall certify its approval, disapproval, or modification of the plan to the governing body and the auditor of the county. ~~The state board of tax commissioners may seek the recommendation of the school property tax control board with respect to this determination.~~ The action of the state board of tax commissioners with respect to the plan is final.

(d) The state board of tax commissioners may approve appropriations from the transportation fund's school bus replacement account only if the appropriations conform to a plan that has been adopted in compliance with this section.

(e) A governing body may amend a plan adopted under this section. When an amendment to a plan is required, the governing body must declare the nature of and the need for the amendment and must show cause as to why the original plan no longer meets the transportation needs of the school corporation. The governing body must then conduct a public hearing on and pass a resolution to adopt the amendment to the plan. The plan, as proposed to be amended, must comply with the requirements for a plan under subsection (b). This amendment to the plan is not subject to the deadline for adoption described in subsection (a). However, the amendment to the plan must be submitted to the state board of tax commissioners for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a plan set forth in this section.

(f) If a public hearing is scheduled under this section, the governing body shall publish a notice of the public hearing and the proposed plan or amendment to the plan in accordance with IC 5-3-1-2(b).

SECTION 109. IC 21-2-11.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. ~~In addition to property tax collections, receipts available for school transportation from any other revenue source, including, but not limited to, state distributions for transportation under IC 21-3-3.1, shall be received in and disbursed from the school transportation fund to pay those transportation costs described in section 2 of this chapter.~~ An expenditure may only be made **from the transportation fund** if it has been provided for in the school corporation's annual budget or by an

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additional appropriation under IC 6-1.1-18-5.

SECTION 110. IC 21-2-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) Before a governing body may ~~collect property taxes for~~ **expend money from** a capital projects fund in a particular year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year for all years before 1999 and not later than January 31 for 1999 and all subsequent years hold a public hearing on a proposed plan and then pass a resolution to adopt a plan.

(b) The state board of tax commissioners shall prescribe the format of the plan. A plan must apply to at least the three (3) years immediately following the year the plan is adopted. A plan must estimate for each year to which it applies the nature and amount of proposed expenditures from the capital projects fund. A plan must estimate:

(1) the source of all revenue to be dedicated to the proposed expenditures in the upcoming calendar year; and

(2) the amount of property taxes to be collected in that year and retained in the fund for expenditures proposed for a later year.

(c) If a hearing is scheduled under subsection (a), the governing body shall publish the proposed plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

SECTION 111. IC 21-2-15-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 8. After a hearing upon the petition under section 7 of this chapter, the state board of tax commissioners shall certify its approval, disapproval, or modification of the plan to the governing body and the auditor of the county. ~~The state board of tax commissioners may seek the recommendation of the school property tax control board with respect to this determination.~~ The action of the state board of tax commissioners with respect to the plan is final.

SECTION 112. IC 21-2-15-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. (a) A governing body may amend a plan adopted under section 5 of this chapter to:

(1) provide money for the purposes described in section 4 of this chapter; or

(2) supplement money accumulated in the capital projects fund for those purposes.

(b) When an amendment to a plan is required by reason other than the occurrence of an emergency, the governing body must hold a public hearing on the proposed amendment. At this hearing, the governing body must declare the nature of and the need for the amendment and

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then pass a resolution to adopt the amendment to the plan. The plan, as proposed to be amended, must comply with the requirements for a plan under section 5(b) of this chapter, and the governing body must publish the proposed amendment to the plan and notice of the hearing in accordance with IC 5-3-1-2(b). This amendment to the plan is not subject to the deadline for adoption described in section 5(a) of this chapter. However, the amendment to the plan must be submitted to the state board of tax commissioners for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a plan set forth in sections 6 through 8 of this chapter.

(c) When an emergency arises that results in costs that exceed the amount accumulated in the fund for the purposes described in section 4(b)(4) of this chapter, the governing body is not required to comply with subsection (b), but instead must immediately apply to the state board of tax commissioners for a determination that an emergency exists. If the board determines that an emergency exists, the governing body may adopt a resolution to amend the plan. The amendment is not subject to the deadline and the procedures for adoption described in section 5 of this chapter. However, the amendment is subject to modification by the state board of tax commissioners.

(d) An amendment adopted under this section may require the payment of eligible costs from:

(1) money accumulated in the capital projects fund for other purposes; or

(2) money to be borrowed from other funds of the school corporation or from a financial institution. ~~The amendment may also require an increase in the property tax rate for the capital projects fund to restore money to the fund or to pay principal and interest on a loan. Any increase to the property tax rate for the capital projects fund is effective for property taxes first due and payable for the year next certified by the state board of tax commissioners under IC 6-1.1-17-16. However, the property tax rate may not exceed the maximum rate established under section 11 of this chapter.~~

SECTION 113. IC 21-2-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. To implement IC 20-1-6-14.1 and IC 20-5-2-1.2, each school corporation shall establish a fund to be known as the special education preschool fund. ~~The fund consists of property taxes imposed under this chapter and distributions to the school from the state under this chapter.~~ Money in the fund may be used only for special education programs for preschool

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age children, as required under IC 20-1-6-14.1.

SECTION 114. IC 21-2-17-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. For each school corporation ~~imposing a property tax under this chapter for a year,~~ **establishing a special education preschool fund,** the auditor of state shall distribute to each school corporation an amount equal to the ~~result of the following formula:~~

~~STEP ONE: Determine the~~ product of:

~~(A)~~ **(1)** two thousand seven hundred fifty dollars ($2,750); multiplied by

~~(B)~~ **(2)** the number of special education preschool children that are pupils in the school corporation, as annually determined by the department of education.

~~STEP TWO: Determine the greater of zero (0) or the remainder of:~~

~~(A) the STEP ONE amount; minus~~

~~(B) the property tax levy required by this chapter.~~

This distribution is in addition to any distribution of federal funds that are made available to Indiana for special education preschool programs.

SECTION 115. IC 21-2-18 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]:

Chapter 18. Elimination of Property Tax Levies; Repayment of Prior Debt

Sec. 1. This chapter does not apply to a statute that authorizes a school corporation to impose an ad valorem property tax levy for a public library, a historical society, an art association, or a public playground.

Sec. 2. After June 30, 2000, a school corporation may not impose an ad valorem property tax levy for any school purpose, including the repayment of debt or to make payments under a lease agreement. A school corporation may impose an ad valorem property tax only for the first six (6) months in 2000. The amount of the levy in 2000 may not exceed fifty percent (50%) of the amount that the school corporation could levy if the school corporation were allowed to impose a property tax for the full calendar year. Property taxes first due and payable and imposed for the first six (6) months in 2000 shall be taxed in one (1) installment due on May 10, 2000.

Sec. 3. A school corporation may consolidate services to which this chapter applies and other services payable from a property tax

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levy. However, the governing body delivering the consolidated services shall allocate the joint costs between amounts received by the school corporation for school purposes and property taxes based on the relative benefit of the consolidated services to school purposes and other purposes.

Sec. 4. Section 1 of this chapter does not release or extinguish the debt of a school corporation that was incurred before July 1, 2000. However, to the extent permitted under the Constitution of the United States and the Constitution of the State of Indiana, a law entitling a holder of an obligation to enforce a right to repayment from property tax levies does not apply after June 30, 2000, to a holder of an obligation that was created before July 1, 2000, but was incurred to finance an activity to which this chapter applies.

Sec. 5. If an agreement with a school corporation entered into before July 1, 2000, or a judgment entered against a political subdivision before July 1, 2000, requires the school corporation to make payments after June 30, 2000, from property tax levies that are prohibited by section 1 of this chapter, the holders of the obligations are entitled to payment from all other sources of receipts that are available to the school corporation after June 30, 2000, except receipts that by statute or the terms of a grant are restricted to another use.

SECTION 116. IC 21-3-1.6-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law.

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education. Such day shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on the particular day thus fixed, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the

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Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes, which occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the adjusted count to the budget committee before February 5 of the following year. In determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil. Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. "Current ADM" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school year ending in the calendar year. "ADM of the previous year" or "ADM of the prior year" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school corporation for the school year ending in the preceding calendar year.

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter and as determined at the times for calculating ADM. "Current additional count" means the additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the additional count of the school corporation for the school year ending in the preceding calendar year.

~~(f) "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the state board of tax commissioners to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant~~

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~~to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss).~~

~~(g) "General fund" means a school corporation fund established under IC 21-2-11-2.~~

~~(h) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.~~

~~(i) "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.~~

~~(j)~~ **(f)** "Eligible pupil" means a pupil enrolled in a school corporation if:

(1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;

(2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order; or

(iii) by a child placing agency licensed by the division of family and children.

~~(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the state board of tax~~

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~~commissioners and used by the state board of tax commissioners in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11.~~

SECTION 117. IC 21-3-1.7-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. (a) Subject to the amount appropriated by the general assembly, ~~for tuition support, the amount that~~ a school corporation is entitled to receive ~~in tuition support~~ for a **school** year ~~is~~ the amount determined in ~~section 8 of this chapter.~~ **STEP THREE of the following formula:**

STEP ONE: Determine the expenditure limit applicable to the school corporation under IC 21-10-2 in the school year.

STEP TWO: Determine the sum of the following for the school corporation in the school year:

(1) The following distributions:

(A) Excise tax revenue.

(B) At-risk grant under section 9.7 of this chapter.

(C) Primetime grant under IC 21-1-30.

(D) Special education preschool grant under IC 21-2-17-3.

(E) Special education transportation grant under IC 21-3-3.1-4.

(F) Vocational education grant under IC 21-3-1.8-3.

(G) Special education grant under IC 21-3-10.

(H) Any other grant made to a school corporation under a state statute.

(I) The lesser of:

(i) the amount that the department of state revenue estimates that the school corporation would have received in the school year under IC 6-3.5-9, if the school corporation does not have a local income tax for education at the rate of one and two-tenths percent (1.2%) on January 1 immediately preceding the beginning of the school year; or

(ii) the amount of the certified distribution for the school corporation that the department of state revenue actually certified for the school year, if on January 1 immediately preceding the beginning of the school year the school corporation had a local income tax for education under IC 6-3.5-9 at the rate of one and two-tenths percent (1.2%).

(2) The greater of:

(A) zero (0); or

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(B) the result of the total transfer tuition payments actually made on behalf of students transferring from the school corporation minus the total revenue actually received by the school corporation on behalf of students transferring to the school corporation.

(3) Textbook fees and other fees and charges collected by the school corporation.

STEP THREE: Determine the result of the STEP ONE amount minus the STEP TWO result.

The department of education shall make distributions under this subsection in twelve (12) monthly installments based on an estimate of the actual receipts described in STEP TWO. The department of education may reconcile overpayments and underpayments in any month during the school year in which the distribution is due and the next four (4) months after the end of the school year. The department of education shall reconcile overpayments and underpayments in a manner that minimizes the disruption of distributions to a school corporation.

(b) If the total amount to be distributed ~~as tuition support~~ under this ~~chapter, for enrollment adjustment grants under section 9.5 of this chapter,~~ **section** for at-risk programs under section 9.7 of this chapter, for academic honors diploma awards under section 9.8 of this chapter, and as special and vocational education grants under IC 21-3-1.8-3 or IC 21-3-10 for a particular year, exceeds

~~(1) two billion six hundred fourteen million eight hundred thousand dollars ($2,614,800,000) for 1997;~~

~~(2) two billion seven hundred seventy-one million six hundred thousand dollars ($2,771,600,000) in 1998; and~~

~~(3) two billion nine hundred thirty-nine million two hundred thousand dollars ($2,939, 200,000) in 1999;~~

the amount **appropriated by the general assembly, the amount** to be distributed ~~for tuition support under this chapter~~ to each school corporation during each of the last six (6) months of the year shall be reduced by the same dollar amount per ADM (as adjusted by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

(c) The amount distributed under this section shall be deposited in the general fund of the school corporation receiving the distribution. The school corporation shall transfer money received under this section from the general fund to the other funds of the school corporation in conformity with the budget approved by the state board of tax commissioners.

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(d) Thirty-three percent (33%) of the amount distributed under this section shall be treated as property tax revenues for the purpose of calculating distributions under IC 6-5-10, IC 6-5-11, IC 6-5.5, IC 6-6-5, and other laws. However, a school corporation is not eligible for a property tax replacement credit or homestead credit distribution for money distributed under this section.

SECTION 118. IC 21-3-1.7-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9.7. In addition to ~~the~~ **other state** distributions ~~under sections 8, 9.5, and 9.8 of this chapter for 1997 and thereafter,~~ **provided by statute,** a school corporation is eligible for an amount for at-risk programs in the amount determined in STEP SIX of the following formula:

STEP STEP ONE: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus two-tenths (0.2).

(ii) Multiply the item (i) result by seven-hundredths (0.07).

(B) Zero (0).

STEP TWO: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus fifteen-hundredths (0.15).

(ii) Multiply the item (i) result by eighteen-hundredths (0.18).

(B) Zero (0).

STEP THREE: Add the STEP ONE result and the STEP TWO result.

STEP FOUR: Multiply the STEP THREE sum by the school corporation's current ADM. Round the result to the nearest one-hundredth (0.01).

STEP FIVE: Multiply the STEP FOUR product by ~~two thousand nine hundred fifty dollars ($2,950) in 1998 and~~ three thousand one hundred thirty-five dollars ($3,135) ~~in 1999.~~

SECTION 119. IC 21-3-1.7-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. This chapter expires January 1, ~~2000.~~ **2002.**

SECTION 120. IC 21-3-3.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 4. (a) In addition to ~~the transportation~~ **other** distributions **from the state** provided ~~for in sections 1, 2.1, and 3 of this chapter,~~ **by law,** the state shall also

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reimburse school corporations an amount not to exceed eighty percent (80%) of the additional cost of:

(1) transporting students with disabilities enrolled in special education programs; and

(2) transporting students enrolled in vocational programs to and from their regular school to an area vocational school.

(b) If eighty percent (80%) of the amount of the claims for reimbursement by school corporations under this section exceeds the appropriation for such purpose in any calendar year, the percentage of reimbursement shall be reduced to that percent which such appropriation bears to the total amount of the claims for reimbursement.

(c) Costs for a calendar year under this section are those costs attributable to transporting these pupils during the school year ending in the calendar year.

SECTION 121. IC 21-4-20-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. Whenever it is found by the board of school trustees or other proper authorities of any school city or school town that an emergency exists for the borrowing of money with which to meet the current expenses of the schools of such school town or school city, the board of school trustees or other proper authorities of such school city or school town may make temporary loans in anticipation of the current revenues of such school town or school city to an amount not exceeding fifty per cent (50%) of the amount of ~~taxes actually levied and in~~ the ~~course of collection~~ **anticipated revenue** for the fiscal year in which such loans are made. ~~Revenues shall be deemed to be current and taxes shall be deemed to have been actually levied and in the course of collection when the budget levy and rate shall have been finally approved by the state board of tax commissioners. Provided,~~ However, ~~That~~ in all second and third class school cities, no such loans shall be borrowed in excess of the sum of twenty thousand dollars ($20,000) until the letting of the same shall have been advertised once each week for two (2) successive weeks in two (2) newspapers of general circulation published in such school city, and until sealed bids have been submitted at a regular meeting of the school board of such school city, pursuant to such notices, stipulating the rate of interest to be charged by such bidder. ~~and Provided, further, That~~ Such school loans shall be made with the bidder submitting the lowest rate of interest and submitting with his bid an affidavit showing that no collusion exists between himself and any other bidder for such loan.

SECTION 122. IC 21-4-22-1 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. In the formulation of a budget by the proper legal officers of any school corporation, ~~and in estimating the probable amount of tax revenue which such school corporation will collect on taxable property within its jurisdiction for and during the year for which such budget is being formulated and for which appropriations are to be made and in calculating the tax levy which is to be made for the ensuing year,~~ such officers shall take into consideration the average percentage of actual tax collections including delinquencies, ~~from such taxable property~~ **and other receipts of the school corporation** during the past three (3) years not exceeding one hundred per cent (100%), and shall estimate such probable amount of ~~tax~~ revenue by the use of such average percentage.

SECTION 123. IC 21-5-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. Whenever a school corporation has leased a building or buildings under the provisions of IC 21-5-11 or IC 21-5-12 and a portion of the territory of such school corporation is thereafter annexed to or otherwise acquired by another school corporation, then the school corporation acquiring such territory shall pay to the school corporation whose territory is acquired such portion of each lease rental payment as in this chapter. Each payment of the acquiring school corporation shall be in an amount which bears the ~~same~~ ratio ~~to the lease rental payment coming due from the school corporation whose territory is acquired as the ratio of the net assessed valuation for tax purposes in the territory acquired bears to the net assessed valuation for tax purposes of all property in the school corporation whose territory is acquired, including the property acquired. In the case of further annexations, the portion of the lease rental payments to be paid by the acquiring school corporation shall be increased by the same ratio.~~ **agreed to by the schools.** Such payments shall be made to the school corporation whose territory is acquired prior to the date when the lease rental payments become due and owing.

SECTION 124. IC 21-5-12-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. Any school corporation which shall execute a lease contract under the provisions of this chapter shall annually appropriate and pay out of the debt service fund sufficient moneys to pay the lease rental stipulated to be paid by such school corporation in such lease contract. Such appropriation ~~and rate~~ shall be reviewable by other bodies vested by law with such authority to ascertain that the ~~levy~~ **appropriated amount** is sufficient ~~to raise the amount required~~ to meet the rental of such lease contract.

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SECTION 125. IC 21-10 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

ARTICLE 10. BUDGETS

Chapter 1. Application; Definitions

Sec. 1. This article applies to all school corporations (as defined in IC 36-1-2-17).

Sec. 2. This article applies only to budgets for a budget year beginning after June 30, 2000.

Sec. 3. The definitions in IC 21-10 apply throughout this article.

Sec. 4. The definitions in IC 36-1-2 apply throughout this article.

Sec. 5. As used in this article, "budget year" means a year beginning on July 1 in a calendar year and ending on June 30 of the following calendar year.

Sec. 6. "General money" means revenue, including distributions from the state, that is subject to the expenditure limit under this article. The term does not include money from an exempted source (as defined in IC 21-10-2-8).

Sec. 7. Not later than November 1, 1999, the state board of tax commissioners shall recalculate all calendar year school budget and tax information necessary to implement IC 21-10 on a budget year basis. The state board of tax commissioners shall distribute the information to school corporations, county auditors, county treasurers, and county boards of tax adjustment not later than November 1, 1999. The information distributed under this subsection shall be used to implement IC 21-10.

Chapter 2. Expenditure Limitation

Sec. 1. This chapter does not apply to the part of an appropriation that is funded from any of the following sources:

(1) Revenues received from the government of the United States.

(2) Revenues contributed by a governmental entity described in IC 36-1-7-1 to the political subdivision to administer an interlocal agreement under IC 36-1-7 or another statute providing for a joint enterprise, if the revenues were either counted toward the expenditure limit of the political subdivision contributing the revenues or qualified as exempted source revenues for the political subdivision contributing the revenues.

(3) The proceeds of:

(A) contracts with; and

(B) grants, gifts, donations, and bequests made to;

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the political subdivision for a purpose specified by the contractor or donor.

(4) User charges derived by the political subdivision from the sale of a product or service:

(A) pledged or legally available to repay any security; or

(B) for which the quantity of the product or level of service provided to a user is at the discretion of the user.

(5) Revenues derived from the issuance of any security. However, this subdivision does not exempt the money pledged to repay the principal of and interest on the security or to establish a reserve for repayment.

(6) Revenues received from the sale of fixed assets or gains on fixed asset transfers.

(7) Revenues raised to meet a fiscal emergency.

(8) Unexpended appropriated balances remaining in a cumulative fund after the year in which the money was appropriated.

Sec. 2. As used in this chapter, "adjustment factor" refers to the adjustment factor determined under section 17 of this chapter.

Sec. 3. As used in this chapter, "appropriations" refers to the total capital or operating appropriations of a political subdivision. The term includes the amount needed to meet the obligations of an allocation district. The term does not include debt service expenditures, emergency expenditures, or expenditures from an exempted source.

Sec. 4. As used in this chapter, "base year" means:

(1) a political subdivision's first budget year beginning after June 30, 1999, if the term is used to compute the expenditure limit for a political subdivision that was initially established before July 1, 1999; or

(2) the first budget year in which a political subdivision operated for an entire budget year, if subdivision (1) does not apply.

Sec. 5. As used in this chapter, "base year per capita appropriations" refers to the base year per capita appropriations of a political subdivision, as determined under section 18 of this chapter.

Sec. 6. As used in this chapter, "estimated population" means the total number of individuals who are residents of a political subdivision or an allocation district, as determined under section 15 of this chapter.

Sec. 7. As used in this chapter, "exempted source" means a

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source of revenue exempted from the application of this chapter under section 1 of this chapter.

Sec. 8. As used in this chapter, "expenditure limit" means the maximum amount of appropriations that a political subdivision or an allocation district may appropriate for a budget year, as determined under section 19 of this chapter. The term does not refer to actual appropriations or actual expenditures.

Sec. 9. As used in this chapter, "fiscal emergency" means circumstances requiring an expenditure exceeding the expenditure limit, as determined under section 28 of this chapter.

Sec. 10. As used in this chapter, "inflation index" means the change in the general price level of goods and services as determined under section 16 of this chapter.

Sec. 11. As used in this chapter, "revenues" means money received by a political subdivision or an allocation district from interest, a tax, a penalty, a grant, a state distribution, or any other receipt.

Sec. 12. As used in this chapter, "security" means any bond, note, warrant, or other evidence of indebtedness, whether or not the bond, note, warrant, or other evidence of indebtedness constitutes a debt of the political subdivision or allocation district within the meaning of Article 13, Section 1 of the Constitution of the State of Indiana.

Sec. 13. A political subdivision may not appropriate, allot, or expend in a budget year more than an amount equal to the expenditure limit for the political subdivision or as determined under the latest computation made by the state board of tax commissioners under section 14 of this chapter before the beginning of the budget year.

Sec. 14. (a) Not later than six (6) months before the beginning of a political subdivision's budget year, the state board of tax commissioners shall make a preliminary estimate of each of the computations required under sections 15 through 26 of this chapter for the political subdivision.

(b) In order to:

(1) correct a clerical or computational error; or

(2) incorporate data that becomes available after the preliminary estimate is computed under subsection (a);

the state board of tax commissioners may adjust a computation under sections 15 through 26 of this chapter for a budget year at any time before the first day of the budget year.

(c) Not later than five (5) business days after the state board of

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tax commissioners computes an estimate under subsection (a) or (b), the state board of tax commissioners shall distribute a copy of the estimate for a political subdivision in a county to the political subdivision and the county auditor.

(d) If the total appropriations of a political subdivision will exceed the latest expenditure limit computed under subsection (a) or (b) of this chapter, the political subdivision or the state board of tax commissioners shall adjust the appropriations to comply with section 13 of this chapter.

Sec. 15. The state board of tax commissioners shall compute the estimated population in the budget year for each political subdivision. The estimated population shall be estimated for the first day of the month preceding the budget year by six (6) months using the latest available actual or estimated population data from the Bureau of the Census of the United States Department of Commerce.

Sec. 16. (a) The state board of tax commissioners shall compute an inflation index for each political subdivision's:

(1) base year; and

(2) next budget year.

(b) The inflation index shall be estimated for the first day of the month preceding the budget year by six (6) months using the implicit price deflator for the gross national product, or its closest equivalent, which is available from the United States Bureau of Economic Analysis.

Sec. 17. (a) The state board of tax commissioners shall compute the adjustment factor for each political subdivision's:

(1) base year; and

(2) next budget year.

(b) The adjustment factor for the base year is equal to the result in STEP THREE of the following formula:

STEP ONE: Determine the estimated population for the base year.

STEP TWO: Determine the quotient of the inflation index for the base year divided by one hundred (100).

STEP THREE: Multiply the STEP ONE amount by the STEP TWO amount.

(c) The adjustment factor for a budget year after the base year is equal to the result in STEP FOUR of the following formula:

STEP ONE: Determine the estimated population for the budget year.

STEP TWO: Determine the quotient of:

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(A) the inflation index for the budget year minus the inflation index for the base year; divided by

(B) one hundred (100).

STEP THREE: Determine the greater of zero (0) or the STEP TWO result.

STEP FOUR: Multiply the STEP ONE amount by the sum of one (1) plus the STEP THREE result.

Sec. 18. The state board of tax commissioners shall compute the base year per capita appropriations for each political subdivision. The base year per capita appropriations of a political subdivision is equal to the quotient of:

(1) the total appropriations actually expended by a political subdivision in the political subdivision's base year; divided by

(2) the adjustment factor for the base year.

Sec. 19. (a) The state board of tax commissioners shall compute the expenditure limit for each political subdivision.

(b) The expenditure limit for a political subdivision in a year after the base year is the result determined under STEP TWO of the following formula:

STEP ONE: Determine the base year per capita appropriations of the political subdivision.

STEP TWO: Multiply the STEP ONE result by the adjustment factor for the political subdivision's budget year.

(c) The expenditure limit for a political subdivision that has not operated for at least one (1) full budget year is the total amount of appropriations approved by the state board of tax commissioners for that year.

Sec. 20. If the Bureau of Economic Analysis of the United States Department of Commerce, or its successor agency, changes the base year on which it calculates the implicit price deflator for the gross national product, the state board of tax commissioners shall adjust the implicit price deflator for the gross national product used in making the calculations under this chapter to compensate for the change in the base year.

Sec. 21. If a political subdivision transfers out or accepts the responsibility of a program or service to or from another unit of government, the expenditure limit and the base year per capita appropriations shall be decreased or increased correspondingly to reflect these changes.

Sec. 22. If a program or service administered by a political subdivision that is totally or partially funded by the federal government ceases to be funded by the federal government, the

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political subdivision may elect to fund the entire program or service, and the expenditure limitations shall be increased to reflect these changes.

Sec. 23. If a political subdivision transfers the funding source of a program or service from taxes to user charges or other exempted revenue sources as specified in this chapter, the expenditure limit shall be decreased to reflect these changes.

Sec. 24. If a political subdivision transfers programs or services that are funded by exempted sources to programs or services that are funded by money subject to this chapter, the expenditure limitation shall be increased to reflect these changes.

Sec. 25. If a political subdivision transfers revenues from sources exempt under this chapter to funds containing revenues from nonexempt sources, the revenues transferred shall be part of and subject to the expenditure limit of this chapter.

Sec. 26. If a school corporation is initially created in a county after June 30, 2000, the expenditure limits of all school corporations shall be proportionally reduced so that the sum of the expenditure limits for all school corporations in the county is the same before and after the establishment of the new school corporation. However, with the consent of the fiscal body of each school corporation in the county, the state board of tax commissioners may use a different formula for adjusting the expenditure limits of the school corporations.

Sec. 27. With the consent of the fiscal body of each affected political subdivision, the state board of tax commissioners may lower the expenditure limit of one (1) or more political subdivisions and raise the expenditure limit of one (1) or more other political subdivisions by the same amount.

Sec. 28. (a) The limits as provided in this chapter may be exceeded if:

(1) a fiscal emergency is declared by at least a two-thirds (2/3) vote of the fiscal body of the political subdivision; and

(2) the state board of tax commissioners approves the declaration of a fiscal emergency.

(b) A political subdivision may petition the state board of tax commissioners to approve a declaration of a fiscal emergency for the political subdivision. The petition must describe the fiscal emergency and indicate the source of revenues that will be used to meet the fiscal emergency. After giving at least ten (10) days notice to the political subdivision and the county auditor and publishing at least one (1) notice under IC 5-3-1 in the county, the state board

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of tax commissioners shall conduct a hearing concerning the petition.

(c) After the hearing under subsection (b), the state board of tax commissioners shall approve a declaration of a fiscal emergency only if the state board of tax commissioners determines that:

(1) an extraordinary occurrence requires immediate expenditures; or

(2) a shortfall of revenues will result in default on the repayment of principal or interest on an indebtedness.

(d) Payment of expenses directly related to elimination of an ad valorem property tax system, including the costs of refinancing bonds or leases and settling disputes related to bonds or leases, shall be treated as a fiscal emergency.

(e) The state board of tax commissioners shall approve the sources that the political subdivision may use to pay for the fiscal emergency. If the state board of tax commissioners authorizes a distribution from the political subdivision's account in the state emergency reserve fund established by IC 21-10-5-1, the auditor of state shall make the disbursement to the political subdivision in the amount approved by the state board of tax commissioners. The political subdivision shall reimburse the political subdivision's account in the state emergency reserve fund for the distribution under the schedule determined by the state board of tax commissioners. Reimbursement of the state emergency reserve fund may be treated as a fiscal emergency.

Sec. 29. Funding for fiscal emergencies may not be included in the appropriations base for computing the expenditure limit for appropriations in subsequent years. Fiscal emergency appropriations shall remain separate from appropriations subject to limits imposed by this chapter and shall be assigned expiration dates.

Sec. 30. If upon audit or examination of the results of an audit of a political subdivision, the state board of accounts determines that:

(1) funds have been improperly accounted or budgeted for in order to avoid the limitations imposed by this chapter;

(2) funds have been improperly exempted from the limitations as provided in this chapter;

(3) general governmental functions have been improperly financed by user or service charges; or

(4) the limitations imposed by this chapter have been exceeded;

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the state board of accounts shall notify the state board of tax commissioners and the political subdivision through the appropriate officer or officers of necessary corrective action. If after a reasonable time the political subdivision has not corrected the deficiency, the state board of accounts shall refer the matter to the attorney general.

Chapter 3. Adoption of Budget

Sec. 1. The definitions in IC 21-10-2 apply throughout this chapter.

Sec. 2. Not later than November 1 of each year, the state board of tax commissioners shall send a certified statement to each county auditor:

(1) estimating the expenditure limit for each political subdivision in the county; and

(2) computing the total amount of money that is available for distribution under IC 6-10 to the political subdivisions in the county for the last six (6) months of the current year and the next budget year.

Sec. 3. (a) Before December 2 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the state board of tax commissioners. The statement shall contain the expenditure limit for the political subdivision and an estimate of the revenues to be distributed to the political subdivision during:

(1) the last six (6) months of the current budget year; and

(2) the next budget year.

(b) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

Sec. 4. When formulating an annual budget estimate, the proper officers of a political subdivision shall prepare an estimate of the revenue that the political subdivision will receive from the state for and during the year for which the budget is being formulated. These estimated revenues shall be shown in the budget estimate and shall be taken into consideration in calculating any tax that will be imposed in the ensuing budget year.

Sec. 5. (a) The proper officers of a political subdivision shall formulate its estimated budget on the form prescribed by the state board of accounts.

(b) The political subdivision shall give notice to taxpayers of the estimated budget. In the notice, the political subdivision shall also

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state the time and place at which a public hearing will be held on these items. The notice shall be published two (2) times in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing.

(c) The county auditor shall estimate the amount necessary to meet the cost of:

(1) poor relief in each township of the county; and

(2) meeting the obligations of each allocation district in the county that, before July 1, 2000, were payable from the levy of property taxes;

for the ensuing budget year and publish with the county budget the estimated amount for each township and allocation district. The amount, if approved by the state board of tax commissioners, shall be treated as the distribution of the allocation district.

(d) Except as provided for the adoption of a supplemental budget, the officers of a political subdivision may not fix a budget that exceeds the amount published by the political subdivision. The portion of a budget that exceeds the published amount is void.

Sec. 6. (a) The officers of political subdivisions shall meet each year to fix the budget of their respective subdivisions for the ensuing budget year not later than March 1, with notice given by the same board. The public hearing required by section 5 of this chapter must be completed at least seven (7) days before the proper officers of the political subdivision meet to fix the budget.

(b) Not later than March 15, a political subdivision shall file with the county auditor two (2) copies of the budget adopted by the political subdivision for the ensuing budget year. Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

Sec. 7. (a) The county board of tax adjustment shall review the budget of each political subdivision. The board shall revise or reduce, but not increase, a budget in order to limit the budget to the:

(1) expenditure limit under IC 21-10-2 or any other limitation on expenditures set by statute; and

(2) amount of revenue to be available in the ensuing budget year.

(b) The county board of tax adjustment shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

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(c) If the county board of tax adjustment makes a revision or reduction in a budget, it shall file with the county auditor a written order that indicates the action taken. If the board reduces the budget, it shall indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

Sec. 8. If the boundaries of a political subdivision cross one (1) or more county lines, the budget fixed by the political subdivision shall be filed with the county auditor of each affected county in the manner prescribed in section 6 of this chapter. The board of tax adjustment of the county that contains the largest portion of the general money receivable by the political subdivision has jurisdiction over the budget to the same extent as if the property taxable by the political subdivision were wholly within the county. The secretary of the county board of tax adjustment shall notify the county auditor of each affected county of the action of the board. Appeals from actions of the county board of tax adjustment may be initiated in any affected county.

Sec. 9. (a) If the county board of tax adjustment determines that a fiscal emergency exits, the county board shall file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations information that the county board considers relevant to the matter.

(b) The county auditor shall send one (1) copy of the county board's recommendations to the state board of tax commissioners and shall retain the other copy in the county auditor's office. The state board of tax commissioners shall, in the manner prescribed in section 17 of this chapter, review the budgets of each political subdivision.

Sec. 10. (a) The county board of tax adjustment shall complete the duties assigned to it under this chapter before April 2 of each year.

(b) If the county board of tax adjustment fails to complete the duties assigned to it within the time prescribed in this section, the county auditor shall carry out the duties of the county board.

(c) When the county auditor acts under subsection (b), the county auditor shall send a certificate notice of actions taken by the county auditor to each political subdivision of the county. The county auditor shall send these notices within five (5) days after publication of the notice required by section 13 of this chapter.

(d) When the county auditor acts under subsection (b), the action shall be treated as if it were the action of the county board of tax adjustment.

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Sec. 11. The county auditor shall certify the budget of a political subdivision in the county to the state board of tax commissioners, if the budget, as approved or modified by the county board of tax adjustment, exceeds the:

(1) expenditure limit under IC 21-10-2 or any other limitation on expenditures set by statute; or

(2) amount of revenue to be available in the ensuing budget year.

Sec. 12. The budget of a political subdivision, as approved or modified by the county board of tax adjustment, is final unless:

(1) action is taken by the county auditor in the manner provided under section 11 of this chapter;

(2) the action of the county board is subject to review by the state board of tax commissioners under section 9 or 11 of this chapter; or

(3) an appeal to the state board of tax commissioners is initiated with respect to the budget.

Sec. 13. When the budgets are approved or modified by the county board of tax adjustment, the county auditor shall within fifteen (15) days prepare a notice of proposed changes in tax rates to be charged in the ensuing budget year in each taxing district. The notice shall also inform the taxpayers of the manner in which they may initiate an appeal of the county board's action. The county auditor shall post the notice at the county courthouse and publish it in two (2) newspapers that represent different political parties and have a general circulation in the county. However, if only one (1) newspaper of general circulation is published in the county, the county auditor shall publish the notice in that newspaper.

Sec. 14. Ten (10) or more taxpayers may initiate an appeal from the county board of tax adjustment's action on a political subdivision's budget by filing a statement of their objections with the county auditor. The statement must be filed within ten (10) days after the publication of the notice required by section 13 of this chapter. The statement shall specifically identify the provisions of the budget to which the taxpayers object. The county auditor shall forward the statement, with the budget, to the state board of tax commissioners.

Sec. 15. The county auditor shall initiate an appeal to the state board of tax commissioners if the county board of tax adjustment reduces a poor relief tax rate below the rate necessary to meet the estimated cost of poor relief.

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Sec. 16. A political subdivision may appeal to the state board of tax commissioners for an increase in its budget as fixed by the county board of tax adjustment or the county auditor. To initiate the appeal, the political subdivision must file a statement with the board within ten (10) days after publication of the notice required by section 13 of this chapter. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution. The resolution must be attached to the statement of objections, and the statement must be signed by the highest executive officer and by the presiding officer of the legislative body.

Sec. 17. (a) Subject to the limitations and requirements prescribed in this section, the state board of tax commissioners may revise, reduce, or increase a political subdivision's budget that the board reviews under section 9 or 11 of this chapter.

(b) Subject to the limitations and requirements in this section, the state board of tax commissioners may review, revise, reduce, or increase the budget of any political subdivision whose budget is the subject of an appeal initiated under this chapter.

(c) Before the state board of tax commissioners reviews, revises, reduces, or increases a political subdivision's budget under this section, the board must hold a public hearing on the budget. The board shall hold the hearing in the county in which the political subdivision is located. The board may consider the budgets of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the board shall give notice of the time and place of the hearing and of the budgets to be considered at the hearing. The board shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the board shall publish the notice in that newspaper.

(d) The state board of tax commissioners may not increase a political subdivision's budget to an amount that exceeds the amount originally fixed by the political subdivision. The state board of tax commissioners shall give the political subdivision written notification specifying any revision, reduction, or increase that the state board of tax commissioners proposes. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the state board of tax commissioners' Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or

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department. The state board of tax commissioners shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The state board of tax commissioners may make a revision, reduction, or increase in a political subdivision's budget only in the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(e) The state board of tax commissioners may not approve an appropriation for lease payments by a political subdivision if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

(1) no bonds of the building corporation are outstanding; or

(2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The action of the state board of tax commissioners on a budget is final. The board shall certify its action to:

(1) the county auditor; and

(2) the political subdivision if the state board acts pursuant to an appeal initiated by the political subdivision.

(g) The state board of tax commissioners shall complete the duties assigned to it under this section not later than May 1 of each year.

Sec. 18. The state board of tax commissioners may at any time increase the budget of a political subdivision for the following reasons:

(1) To pay the principal or interest upon a funding, refunding, or judgment funding obligation of a political subdivision.

(2) To pay the interest or principal upon an outstanding obligation of the political subdivision.

(3) To pay a judgment rendered against the political subdivision.

(4) To pay lease rentals that have become an obligation of the political subdivision under IC 21-5-11 or IC 21-5-12.

Sec. 19. (a) Except as provided in subsection (b), a political subdivision may not expend funds that it has received from the state and that it is required to include in its budget estimate unless the funds have been:

(1) included in a budget estimate by the political subdivision; and

(2) appropriated by the proper officers of the political

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subdivision in the amounts and for the specific purposes for which they may be used.

(b) In the event of a casualty, an accident, or an extraordinary emergency, the proper officers of a political subdivision may use state funds to make an additional appropriation under IC 21-10-4-1.

Chapter 4. Supplemental Budget; Miscellaneous Provisions

Sec. 1. If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of the proposed additional appropriation. The notice shall state the time and place of a public hearing on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

Sec. 2. If the additional appropriation by the political subdivision is made from a fund that receives general money, the political subdivision must report the additional appropriation to the state board of tax commissioners. Section 5 of this chapter applies to the political subdivision only if the additional appropriation is made from a fund described under this subsection.

Sec. 3. A political subdivision may make an additional appropriation without approval of the state board of tax commissioners if the additional appropriation is made from a fund that is not described under section 2 of this chapter. However, the fiscal officer of the political subdivision shall report the additional appropriation to the state board of tax commissioners.

Sec. 4. After the public hearing, the proper officers of the political subdivision shall file a certified copy of the final proposal and other relevant information to the state board of tax commissioners.

Sec. 5. (a) When the state board of tax commissioners receives a certified copy of a proposal for an additional appropriation under section 4 of this chapter, the board shall determine whether sufficient funds are available or will be available for the proposal. The determination shall be made in writing and sent to the political subdivision not more than fifteen (15) days after the board receives the proposal.

(b) In making the determination under subsection (a), the board shall limit the amount of the additional appropriation to revenues available, or to be made available, that have not been previously appropriated.

(c) If the state board of tax commissioners disapproves an

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additional appropriation under subsection (a), the state board of tax commissioners shall specify the reason for its disapproval on the determination sent to the political subdivision.

(d) A political subdivision may request a reconsideration of a determination of the state board of tax commissioners under this section by filing a written request for reconsideration. A request for reconsideration must:

(1) be filed with the state board of tax commissioners within fifteen (15) days of the receipt of the determination by the political subdivision; and

(2) state with reasonable specificity the reason for the request.

The state board of tax commissioners must act on a request for reconsideration within fifteen (15) days of receiving the request.

Sec. 6. (a) The proper officers of a political subdivision may transfer money from one (1) major budget classification to another within a department or office if:

(1) they determine that the transfer is necessary;

(2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article;

(3) the transfer is made at a regular public meeting and by proper ordinance or resolution; and

(4) the transfer is certified to the county auditor.

(b) A transfer may be made under this section without notice and without the approval of the state board of tax commissioners.

Sec. 7. The appropriating body of a political subdivision may appropriate funds received from an insurance company if:

(1) the funds are received as a result of damage to property of the political subdivision; and

(2) the funds are appropriated for the purpose of repairing or replacing the damaged property.

However, this section applies only if the funds are in fact expended to repair or replace the property within the twelve (12) month period after they are received.

Sec. 8. Notwithstanding the other provisions of this chapter, the proper officer or officers of a political subdivision may:

(1) make an appropriation with respect to a contract for the discovery of omitted property if the contract provides that the payment for the services performed is to be made from charges or penalties collected on the discovered property;

(2) reappropriate money recovered from erroneous or excessive disbursements if the error and recovery are made

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within the current budget year; or

(3) refund, without appropriation, money erroneously received.

Sec. 9. (a) If the proper officers of a political subdivision make an appropriation for an item that exceeds the amount they are permitted to appropriate under this chapter, they are guilty of malfeasance in office and are liable to the political subdivision in an amount equal to the sum of one hundred twenty-five percent (125%) of the excess appropriated and court costs.

(b) Upon the relation of a taxpayer who owns property that is located in the political subdivision, the appropriate prosecuting attorney shall initiate an action in the name of the state to recover the amount for which the proper officers of the political subdivision are liable under this section.

Sec. 10. Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a budget year do not exceed the budget for that budget year as finally determined under this article.

Sec. 11. A unit may appropriate money to repay an obligation of an allocation district.

Chapter 5. State Emergency Reserve Fund

Sec. 1. (a) The state emergency reserve fund is established. The budget agency shall administer the fund. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(b) An account in the state emergency reserve fund is established for each political subdivision.

(c) During each budget year, without an appropriation, the political subdivision shall transfer to the state for deposit in the state emergency reserve fund all money that is received by the political subdivision in excess of the lesser of the:

(1) expenditure limit; or

(2) budget;

of the political subdivision.

(d) A political subdivision may appropriate other money for deposit in the emergency reserve fund.

Sec. 2. Deposits in an account of the emergency reserve fund shall be made at the end of each quarter based on projections of general money and the expenditure limit. A political subdivision may transfer money out of the political subdivision's account in the state emergency reserve fund as approved by the state board of tax commissioners.

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Sec. 3. A political subdivision may receive money from the political subdivision's account in the state emergency reserve fund only to meet a fiscal emergency, as determined and approved under IC 21-10-2.

Sec. 4. Except as ordered by the state board of tax commissioners, a political subdivision shall maintain a balance of at least ten percent (10%) of the amount budgeted for the latest budget approved by the state board of tax commissioners in the political subdivision's account in the fund.

Chapter 6. Bonding Limit

Sec. 1. As used in this chapter, "average total revenue" means the result determined under sections 2 through 5 of this chapter.

Sec. 2. Except as provided in sections 4 and 5 of this chapter, the average total revenue of a political subdivision is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Determine, for each of the three (3) budget years immediately preceding the budget year in which the political subdivision will incur a debt, the total receipts:

(A) received by a political subdivision, including distributions from the state but excluding the proceeds from loans, the sale of property, the sale of bonds, or the issuance of other debt; and

(B) available to pay the expenditures of the political subdivision, including repayment of principal and interest on debt.

STEP TWO: Determine the sum of the amounts determined under STEP ONE.

STEP THREE: Divide the amount determined under STEP TWO by three (3).

Sec. 3. Funds dedicated to a particular purpose may be included in the computation of average total revenue only to the extent that the funds are or may be pledged to repay any part of the debt of a political subdivision.

Sec. 4. The state board of tax commissioners shall compute an average total revenue for a political or municipal subdivision that may issue debt less than three (3) budget years after the political subdivision is established based on an estimate of the receipts that the political subdivision will receive in the first full budget years after the debt is incurred.

Sec. 5. A political subdivision may include in the computation of average total revenue an amount that is:

(1) equal to an estimate of what the political subdivision will

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receive from a state distribution, tax, or fee that was not collected in any of the three (3) budget years preceding the budget year in which the political subdivision incurs a debt but is pledged to repay a debt; and

(2) approved by the state board of tax commissioners.

Sec. 6. A political subdivision may not become indebted, in any manner or for any purpose to an amount that, in the aggregate, would result in payments of principal and interest in any year over the term of all debt that exceeds twenty percent (20%) of the average total revenues of the political subdivision previous to the incurring of the indebtedness.

Sec. 7. Subject to sections 8 and 9 of this chapter, all bonds or obligations of a political subdivision in excess of the amount determined under section 6 of this chapter are void.

Sec. 8. In time of war, foreign invasion, or other great public calamity, on petition of a majority of the property owners in number and value within the limits of a political subdivision, the public authorities, in their discretion, may incur obligations necessary for the public protection and defense to an amount as may be requested in petition.

Sec. 9. This chapter does not release or extinguish the debt of a political subdivision that has debt on July 1, 2000, exceeding the maximum debt limit allowed under section 6 of this chapter. However, the political subdivision may not incur additional debt that will increase the total debt of the political subdivision until the political subdivision is in compliance with section 6 of this chapter.

Chapter 7. Repayment of Bonds; Lease Agreements

Sec. 1. This chapter applies to a bond or lease agreement that:

(1) was issued or entered into before July 1, 2000, and for which property tax levies were pledged to make payments coming due after June 30, 2000; and

(2) is not by the terms of the bonds or lease agreement repayable solely from a specific source of revenue other than property taxes.

Sec. 2. The holder of an obligation may file an action in a court with jurisdiction in the county where the principal office of the political subdivision is located to mandate a political subdivision to pay an obligation that is in default.

Sec. 3. A court order under section 2 of this chapter may require the political subdivision to pay an obligation that is in default before making other expenditures from funds available to the political subdivision, except funds held in trust or received on

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condition that the funds be used only for a particular purpose that is inconsistent with the repayment of the obligation.

Sec. 4. A court order under section 2 of this chapter may require the state to make payments to the holders of an obligation that is in default of:

(1) distributions under IC 6-3.5-9, IC 21-3-1.7-9, or another law to which a political subdivision would otherwise be entitled; or

(2) money in the political subdivision's account of the state emergency reserve fund.

A payment made under this section to satisfy an obligation of a political subdivision reduces the amount of the distribution that the state is obligated to pay to the political subdivision.

Chapter 8. Replacement of Property Tax Levies in Allocation Areas

Sec. 1. (a) This section applies to allocation areas established under the following statutes only to the extent that the elimination of the property tax levy for a school corporation adversely affects the holders of bonds or other contractual obligations that became payable from allocated tax proceeds in the allocation area before July 1, 2000, in a way that creates a reasonable expectation that the bonds or other contractual obligations will not be paid when due:

IC 8-22-3.5-9
IC 36-7-14-30
IC 36-7-14-32
IC 36-7-14-39
IC 36-7-14-41
IC 36-7-14-43
IC 36-7-14.5-12.5
IC 36-7-15.1-20
IC 36-7-15.1-22
IC 36-7-15.1-26
IC 36-7-15.1-29
IC 36-7-15.1-30
IC 36-7-30-25

(b) An allocation area located within the boundaries of a school corporation is eligible for a distribution of money that would otherwise be distributed to a school corporation under IC 21-3-1.7-9. The amount of the distribution is equal to the lesser of the amount necessary to pay the amount due in a budget year to the holders of the bond or other contractual obligations or the amount determined under subsection (c). The distribution to a

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school corporation under IC 21-3-1.7-9 shall be reduced by the amount distributed to an allocation area under this subsection.

(c) The maximum amount distributable to an allocation area in a school corporation is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Determine the result of five-tenths (0.5) multiplied by the amount distributed to a school corporation in a budget year under IC 21-3-1.7-9.

STEP TWO: Divide the STEP ONE result by the assessed valuation of tangible property in the area within the school corporation.

STEP THREE: Multiply the STEP TWO result by the assessed valuation attributable to the allocation area that is also in the school corporation.

(d) Amounts distributable to an allocation area under subsection (c) shall be distributed to the county auditor at the same time as other distributions are made under IC 21-3-1.7-9.

Sec. 2. (a) An economic development district that is located in one (1) or more taxing districts in a county qualifies the county and the taxpayers in the taxing districts for an additional distribution under this section if the following requirements are met:

(1) The economic development district was established under IC 6-1.1-39.

(2) The economic development district was established before January 1, 1988.

(3) The additional distributions and credits for the economic development district were approved by the department of commerce before January 1, 1988.

(b) The amount of the distribution under subsection (a) is the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the result of five-tenths (0.5) multiplied by the amount distributed to a school corporation in a budget year under IC 21-3-1.7-9.

STEP TWO: Divide the STEP ONE result by the assessed valuation of tangible property in the area within the school corporation.

STEP THREE: Multiply the STEP TWO result by the assessed valuation attributable to the allocation area.

STEP FOUR: Multiply the STEP THREE result by two-tenths (0.2).

(c) The amount determined under subsection (b) shall be certified and distributed in the same manner as additional

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distributions under IC 6-1.1-21-3(c) and IC 6-1.1-21-4(a)(2).

Chapter 9. Review of Bonds and Leases

Sec. 1. This chapter does not apply to temporary loans made in anticipation of and to be paid from current revenues of the political subdivision receivable and in the course of collection for the fiscal year in which the loans are made.

Sec. 2. A school corporation may not incur bond indebtedness, enter into a lease rental agreement, or repay from the debt service fund loans made for the purchase of school buses under IC 20-9.1-6-5 unless the school corporation has first obtained the state board of tax commissioners' approval of the lease rental agreement, bond issue, or school bus purchase loan.

Sec. 3. The state board of tax commissioners may approve, disapprove, or modify then approve a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan.

Sec. 4. The state board of tax commissioners shall render a decision not more than three (3) months after the date it receives a request for approval under subsection (a). However, the state board of tax commissioners may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the board sends notice of the extension to the executive officer of the school corporation.

Sec. 5. The state board of tax commissioners may not approve a school corporation's proposed lease rental agreement or bond issue to finance the construction of additional classrooms unless the school corporation first:

(1) establishes that additional classroom space is necessary; and

(2) conducts a feasibility study, holds public hearings, and hears public testimony on using a twelve (12) month school term (instead of the nine (9) month school term (as defined in IC 20-10.1-2-2)) rather than expanding classroom space.

Sec. 6. (a) If the proper officers of a school corporation decide to issue bonds in a total amount that exceeds five thousand dollars ($5,000), they shall give notice of the decision by:

(1) posting; and

(2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the school corporation and published in accordance with IC 5-3-1-4. The decision to issue bonds may be a

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preliminary decision.

(b) Ten (10) or more taxpayers who will be affected by the proposed issuance of the bonds and who wish to object to the issuance on the grounds that it is unnecessary or excessive may file a petition in the office of the auditor of the county in which the school corporation is located. The petition must be filed within fifteen (15) days after the notice required by subsection (a) of this section is given, and it must contain the objections of the taxpayers and facts that show that the proposed issue is unnecessary or excessive. When taxpayers file a petition in the manner prescribed in this subsection, the county auditor shall immediately forward a certified copy of the petition and other relevant information to the state board of tax commissioners.

Sec. 7. (a) Upon receipt of a certified petition filed in the manner prescribed in section 6(b) of this chapter, the state board of tax commissioners shall fix a time and place for a hearing on the matter. The state board shall hold the hearing not less than five (5) or more than thirty (30) days after the board receives the petition, and the state board shall hold the hearing in the school corporation or in the county where the school corporation is located. At least five (5) days before the date fixed for the hearing, the state board of tax commissioners shall give notice of the hearing, by mail, to the executive officer of the political subdivision and to the first ten (10) taxpayers who signed the petition. The mailings shall be addressed to the officer and the taxpayers at their usual place of residence.

(b) After the hearing required by this section, the state board of tax commissioners may approve, disapprove, or reduce the amount of the proposed issue. The board must render a decision not later than three (3) months after the hearing, and if no decision is rendered within that time, the issue is considered approved unless the board takes the extension provided for in this section. However, a three (3) month extension of the time period during which the decision must be rendered may be taken by the board if the board gives notice by mail of the extension to the executive officer of the school corporation and to the first ten (10) taxpayers who signed the petition at least ten (10) days before the end of the original three (3) month period. If no decision is rendered within the extension period, the issue is considered approved. The action taken by the state board of tax commissioners on the proposed issue is final.

Sec. 8. When the proper officers of a school corporation decide

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to issue any bonds, notes, or warrants that will be payable from property taxes and will bear interest in excess of eight percent (8%) per annum, the school corporation shall submit the matter to the state board of tax commissioners for review. The board may either approve or disapprove the rate of interest.

Sec. 9. (a) When the proper officers of a school corporation decide to issue bonds payable from property taxes to finance a public improvement, they shall adopt an ordinance or resolution that sets forth their determination to issue the bonds. Except as provided in subsection (b), the school corporation may not advertise for or receive bids for the construction of the improvement until the expiration of the later of:

(1) the time period within which taxpayers may file a petition for review of or a remonstrance against the proposed issue; or

(2) the time period during which a petition for review of the proposed issue is pending before the state board of tax commissioners.

(b) When a petition for review of a proposed issue is pending before the state board of tax commissioners, the board may order the school corporation to advertise for and receive bids for the construction of the public improvement. When the board issues an order, the school corporation shall file a bid report with the state board of tax commissioners within five (5) days after the bids are received, and the board shall render a final decision on the proposed issue within fifteen (15) days after it receives the bid report. Notwithstanding the provisions of this subsection, a school corporation may not enter into a contract for the construction of a public improvement while a petition for review of the bond issue that is to finance the improvement is pending before the state board of tax commissioners.

SECTION 126. IC 23-13-5-8 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) Should for any cause any action of the board of directors or trustees of a corporation be invalid or ineffective in whole or in part as and for a cancellation or retirement of capital stock as provided in this chapter, then the entire act of cancellation or retirement as to all other stock shall be held null and void. If at any time after the transfer of any stock to the corporation or to the trustees or directors it becomes no longer possible for the corporation to operate the university, college, or institution of learning as a university, college, or institution of learning, and the fact is found to exist by the board of trustees or directors, the property and assets of the corporation vest in

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and belong absolutely to the local public school corporation within whose territorial limits the college, university, or institution of learning is situated unless the local public school corporation elects to refuse to accept the property and assets in writing served upon the board of trustees or an officer thereof within one hundred twenty (120) days. If the local public school corporation elects to refuse to accept the property and assets, then the property and assets of the corporation vest in and belong absolutely to the county within whose territorial limits the college, university, or institution of learning is situated unless the county, acting by its legislative body, elects to refuse to accept the property and assets in writing served upon the board of trustees or an officer within one hundred twenty (120) days. If the county refuses to accept the property and assets, the property and assets vest in and belong absolutely to the common school fund of the state of Indiana. If the university, college, or institution of learning is situated in a school township, the election shall be made by the township executive with the approval of the township legislative body. If situated in a school city or town corporation, the election shall be made by the school board of the municipality.

(b) The local school corporation receiving the property or assets is responsible for the payment of the lawful debts and liabilities of the corporation. For the purpose of raising funds to pay the debts and liabilities, the township executive, with the concurrence and sanction of the township legislative body, or the city or town school board, as the case may be, is authorized and empowered to issue and sell bonds of the school township, school city, or school town. ~~The debt created by the bonds, together with all other indebtedness of the school corporation, may not exceed two percent (2%) of the assessed value of the taxable property within the school corporation as ascertained by the last preceding assessment.~~ If the building or property of the corporation vested in the school corporation is suitable for instructing students of the township in the arts of agriculture, domestic science, or physical or practical mental culture, and in which to hold school or civic entertainments or be used for township, town, or city purposes, then the township executive, with the concurrence and sanction of the township, city, or town legislative body, as the case may be, is authorized and empowered to issue and sell bonds of the civil township, city, or town, as the case may be, and apply the proceeds to the payment of the debts and liabilities of the corporation. ~~The proceeds of the bonds, together with all other indebtedness of the civil township, city, or town, may not exceed two percent (2%) of the assessed value of the taxable property within the civil township, city, or town.~~ If the county receives the

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property, it is authorized to issue its general obligation bonds to pay the debts and liabilities as general obligation bonds of counties are issued under the general law. Unless the school and civil townships and school and civil cities and towns can liquidate the debts and liabilities without violating Article 13, Section 1 of the Constitution of the State of Indiana, they shall elect to refuse to accept the property. Unless the county can liquidate the debts and liabilities without violating the constitutional provision, it shall elect to refuse the property. If a civil township, city, or town uses its funds or the proceeds of the sale of its bonds to liquidate the debts and liabilities, it shall have an interest in the property in the proportion the funds expended by it bear to the funds expended by the school township, school city, or school town.

(c) Any bonds issued under this chapter shall be payable in not more than twenty (20) years after the date of their issuance. The municipal corporation issuing the bonds shall annually ~~levy a tax on all of the taxable property within the municipal corporation in~~ **appropriate** an amount sufficient to pay the interest on and the principal of such bonds as they mature. **The bonds are a general obligation of the municipality. The obligation holders have a preference against any funds available to the municipality, if the obligations are unpaid when due.** The bonds may mature and be payable either semiannually or annually. Notice of sale of the bonds shall be published once each week for two (2) weeks in a newspaper published in the municipal corporation issuing the bonds, or in a newspaper published in the county seat of the county in which the municipal corporation is located. Additional notices may be published.

(d) If the corporation ceases to exist or winds up its affairs without its board of trustees or directors finding that it is no longer possible for the corporation to operate the university, college, or institution of learning as a university, college, or institution of learning, this shall have the same effect as such a finding.

SECTION 127. IC 23-13-5-8 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 8. (a) Should for any cause any action of the board of directors or trustees of a corporation be invalid or ineffective in whole or in part as and for a cancellation or retirement of capital stock as provided in this chapter, then the entire act of cancellation or retirement as to all other stock shall be held null and void. If at any time after the transfer of any stock to the corporation or to the trustees or directors it becomes no longer possible for the corporation to operate the university, college, or institution of learning as a university, college, or institution of learning, and the fact is found to exist by the board of

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trustees or directors, the property and assets of the corporation vest in and belong absolutely to the local public school corporation within whose territorial limits the college, university, or institution of learning is situated unless the local public school corporation elects to refuse to accept the property and assets in writing served upon the board of trustees or an officer thereof within one hundred twenty (120) days. If the local public school corporation elects to refuse to accept the property and assets, then the property and assets of the corporation vest in and belong absolutely to the county within whose territorial limits the college, university, or institution of learning is situated unless the county, acting by its legislative body, elects to refuse to accept the property and assets in writing served upon the board of trustees or an officer within one hundred twenty (120) days. If the county refuses to accept the property and assets, the property and assets vest in and belong absolutely to the common school fund of the state of Indiana. If the university, college, or institution of learning is situated in a school township, the election shall be made by the township executive with the approval of the township legislative body. If situated in a school city or town corporation, the election shall be made by the school board of the municipality.

(b) The local school corporation receiving the property or assets is responsible for the payment of the lawful debts and liabilities of the corporation. For the purpose of raising funds to pay the debts and liabilities, the township executive, with the concurrence and sanction of the township legislative body, or the city or town school board, as the case may be, is authorized and empowered to issue and sell bonds of the school township, school city, or school town. ~~The debt created by the bonds, together with all other indebtedness of the school corporation, may not exceed two percent (2%) of the adjusted value of the taxable property within the school corporation as determined under IC 36-1-15.~~ If the building or property of the corporation vested in the school corporation is suitable for instructing students of the township in the arts of agriculture, domestic science, or physical or practical mental culture, and in which to hold school or civic entertainments or be used for township, town, or city purposes, then the township executive, with the concurrence and sanction of the township, city, or town legislative body, as the case may be, is authorized and empowered to issue and sell bonds of the civil township, city, or town, as the case may be, and apply the proceeds to the payment of the debts and liabilities of the corporation. ~~The proceeds of the bonds, together with all other indebtedness of the civil township, city, or town, may not exceed two percent (2%) of the adjusted value of the taxable property~~

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~~within the civil township, city, or town, as determined under IC 36-1-15.~~ If the county receives the property, it is authorized to issue its general obligation bonds to pay the debts and liabilities as general obligation bonds of counties are issued under the general law. Unless the school and civil townships and school and civil cities and towns can liquidate the debts and liabilities without violating Article 13, Section 1 of the Constitution of the State of Indiana and IC 36-1-15, they shall elect to refuse to accept the property. Unless the county can liquidate the debts and liabilities without violating the constitutional provision, it shall elect to refuse the property. If a civil township, city, or town uses its funds or the proceeds of the sale of its bonds to liquidate the debts and liabilities, it shall have an interest in the property in the proportion the funds expended by it bear to the funds expended by the school township, school city, or school town.

(c) Any bonds issued under this chapter shall be payable in not more than twenty (20) years after the date of their issuance. The municipal corporation issuing the bonds shall annually ~~levy a tax on all of the taxable property within the municipal corporation in~~ **appropriate** an amount sufficient to pay the interest on and the principal of such bonds as they mature. **The bonds are a general obligation of the municipality. The obligation holders have a preference against any funds available to the municipality, if the obligations are unpaid when due.** The bonds may mature and be payable either semiannually or annually. Notice of sale of the bonds shall be published once each week for two (2) weeks in a newspaper published in the municipal corporation issuing the bonds, or in a newspaper published in the county seat of the county in which the municipal corporation is located. Additional notices may be published.

(d) If the corporation ceases to exist or winds up its affairs without its board of trustees or directors finding that it is no longer possible for the corporation to operate the university, college, or institution of learning as a university, college, or institution of learning, this shall have the same effect as such a finding.

SECTION 128. IC 32-9-1.5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 16. For purposes of section 49 of this chapter, "political subdivision" includes any Indiana municipality, county, civil township, civil incorporated city or town, ~~public~~ school corporation **(as defined in IC 36-1-2-17),** university or college supported in part by state funds, or any other territorial subdivision of the state recognized or designated in any law, including judicial circuits, a public utility entity not privately owned, special taxing district or entity, and public improvement district authority or

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entity authorized to levy taxes or assessments. The term does not include any retirement system supported entirely or in part by the state.

SECTION 129. IC 36-1-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. "Bonds" means any evidences of indebtedness, whether payable from property taxes, revenues, or any other source. ~~but~~ **However, the term** does not include notes or warrants representing temporary loans that are payable out of:

(1) taxes levied and in the course of collection; **or**

(2) other deposits in the general fund of a school corporation.

SECTION 130. IC 36-1-15-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 2, 2001]: Sec. 3. The state board of tax commissioners shall compute, in conjunction with the approvals required under IC 6-1.1-18.5-8(b), ~~and IC 6-1.1-19-8,~~ an adjusted value of the taxable property within each political subdivision. The state board of tax commissioners may request a certification of net assessed valuation from the county auditor in order to make a calculation under this section.

SECTION 131. IC 36-7-15.1-26.9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

(1) allocated to the redevelopment district;

(2) paid into the special fund for that allocation area; and

(3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3

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in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

(1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and

(2) used by the county board of tax adjustment, the state board of tax commissioners, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 ~~and IC 6-1.1-19-1.5~~ do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3, ~~and IC 6-1.1-19-1.5~~, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 132. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2000]: IC 6-1.1-17-5.1; IC 6-1.1-19; IC 6-1.1-34; IC 20-3-11-18; IC 20-4-1-26.9; IC 21-2-4-3;

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IC 21-2-11.5-3; IC 21-2-12; IC 21-2-13; IC 21-2-14; IC 21-2-15-11; IC 21-2-17-2; IC 21-3-1.6-2; IC 21-3-1.7-3.1; IC 21-3-1.7-4; IC 21-3-1.7-5; IC 21-3-1.7-6; IC 21-3-1.7-6.3; IC 21-3-1.7-6.8; IC 21-3-1.7-8; IC 21-3-1.7-9.5; IC 21-3-3.1-1; IC 21-3-3.1-2.1; IC 21-3-3.1-5; IC 21-3-4.5; P.L.50-1996.

SECTION 133. [EFFECTIVE JULY 1, 2000] **(a) For purposes of:**

(1) IC 6-2.5-2-2, as amended by this act;

(2) IC 6-2.5-6-7, as amended by this act;

(3) IC 6-2.5-6-8, as amended by this act;

(4) IC 6-2.5-7-3, as amended by this act; and

(5) IC 6-2.5-7-5, as amended by this act;

all transactions, except the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, shall be considered as having occurred after December 31, 1999, to the extent that delivery of the property or services constituting selling at retail is made on or after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before January 1, 2000, to the extent that the agreement of the parties to the transaction was entered into before November 1, 1999, and payment for the property or services furnished in the transaction is made before January 1, 2000, notwithstanding the delivery of the property or services after December 31, 1999.

(b) With respect to a transaction constituting the furnishing of public utility, telephone, or cable television services and commodities, only transactions for which the charges are collected upon original statements and billings dated after January 31, 2000, shall be considered as having occurred after December 31, 1999.

(c) IC 6-3-2-1 and IC 6-3-8-4.1, both as amended by this act, apply only to taxable years beginning after December 31, 1999.

(d) This SECTION expires July 1, 2001.

SECTION 134. [EFFECTIVE JULY 1, 1999] **(a) As used in this SECTION, "budget year" means a year beginning on July 1 in a calendar year and ending on June 30 in the following calendar year.**

(b) Notwithstanding any other law, a school corporation shall establish a budget, property tax levies, and property tax rates for only six (6) months in 2000. The amounts levied by a school corporation for 2000 shall be paid by property owners in one (1) installment not later than May 10, 2000. The state board of tax commissioners shall instruct school corporations, county auditors,

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county treasurers, and county boards of tax adjustment on the procedures to use to implement this subsection.

(c) IC 21-10, as added by this act, applies only to appropriations for budget years beginning after June 30, 2000.

(d) The department of state revenue and each county auditor shall:

(1) estimate certified distributions, certified shares, and property tax replacement credits; and

(2) make distributions;

under IC 6-3.5-1.1 and IC 6-3.5-6 for 2000 to provide property tax replacement credits to school corporations for the first six (6) months of 2000 only. The state department of revenue shall provide instructions to county auditors to assist the county auditors in implementing this subsection.

(e) This SECTION expires July 1, 2001.

SECTION 135. [EFFECTIVE JULY 1, 1999] **IC 21-10, as added by this act, applies only to budget years beginning after June 30, 2000.**

SECTION 136. [EFFECTIVE JULY 1, 1999] **Not later than January 30, 2000, the auditor of state shall transfer from the state general fund to the state emergency reserve fund established under IC 21-10-5-1, as added by this act, an amount equal to ten percent (10%) of the appropriations made in 2000 by school corporations. The auditor of state shall establish an account within the fund for each school corporation. The auditor of state shall allocate the money transferred under this SECTION to the accounts in the fund in proportion to the appropriations made by each school corporation.**

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