
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All School Corporations

FROM: Wesley R. Bennett, Commissioner

RE: Legislative Changes Regarding Education Finance

DATE: June 21, 2021

The Department issues this memorandum to inform the public of legislative changes in matters of school corporation finance, specifically as it pertains to property taxation. Legislation that made these changes include House Enrolled Act 1001-2021 (“HEA 1001”), House Enrolled Act 1271-2021 (“HEA 1271”), Senate Enrolled Act 55-2021 (“SEA 55”), and Senate Enrolled Act 398-2021 (“SEA 398”). HEA 1001 and SEA 55 were signed by Governor Eric Holcomb on April 29, 2021, while HEA 1271 and SEA 398 were signed by the Governor on April 8 and April 23, 2021, respectively.

Unless otherwise stated, the new laws are effective July 1, 2021.

I. Submission of Budget for School Corporations that Follow a Fiscal Year

Section 26 of HEA 1271 amends Ind. Code § 6-1.1-17-5.6 to provide that a school corporation that adopts its annual budget on a fiscal calendar must submit its budget notice and adopted budget in the same manner as other units. With this statutory clarification, the school corporation must submit the budget notice (Form 3) on Gateway at least ten (10) days before the adoption meeting. The Department must make the Form 3 available to the public at least ten (10) days before the meeting on Gateway Budget Notices, as well as a telephone number through which taxpayers may request mailed copies of the school corporation’s information under this subsection. If a school corporation adopts a resolution to return to adopting a budget on a calendar year schedule, the Form 3 must be submitted on Gateway within the timeline required by Ind. Code § 6-1.1-17-3.

II. Emergency Loans and Anticipation Warrants

Sections 70, 72, and 73 of HEA 1271 provide that before a school corporation may increase a debt service levy to pay the interest for an emergency loan, the loan must have been issued and the school corporation must have received the proceeds from the loan. In addition, sections 70, 72, and 73 provide that the school board may not authorize an emergency loan for the purpose of increasing the school corporation’s property tax rate for the ensuing budget year.

Sections 169 of HEA 1001 and 8 of SEA 55, signed into law after HEA 1271, amend Ind. Code § 20-48-1-9 to state that before a school corporation increases a debt service levy to pay the interest for an anticipation warrant, the warrant must be authorized by the school board in a resolution adopted at a public meeting in the year immediately preceding the year in which the warrant will be issued. This amendment only affects anticipation warrants. To ensure that the school corporation would be able to receive a debt service levy, the school corporation must provide the Department with the resolution. In order for the Department to confirm the needed levy, the resolution or supplemental document should state the amount (in dollars) of the interest expected to be paid from the debt service fund. The required resolution should be provided in addition to the information required to be uploaded in accordance with Ind. Code § 5-1-18.

III. School Safety Referenda Submission Deadline

Section 77 of SEA 398 changes the deadline for a school corporation seeking to place a school safety referendum on the ballot for a primary election. Indiana Code § 20-46-9-14(a)(1) now states that certification of the proposed question must occur not later than noon seventy-four (74) days before a primary election. Previously, this was sixty (60) days before the primary election. This conforms to the school safety referendum timeline with those for an operating referendum and for a controlled project.

IV. Referenda Ballot Language

Sections 35, 61, 62, and 65 of HEA 1271 amend the form questions for a proposed property tax referendum found in Ind. Code § 6-1.1-20-3.6 (controlled projects), Ind. Code § 20-46-1-10 (school operations), Ind. Code § 20-46-1-10.1 (extension for school operations), and Ind. Code § 20-46-9-9 (school safety), respectively. The new form questions emphasize the percent increase in property taxes for homeowners and businesses. They also require the local unit to state the most recent property tax referendum that the local unit held (or for a school corporation extending an operating referendum, the date of the original referendum) and whether that referendum passed or failed.

The Department has issued two memoranda explaining these changes in greater detail. The links to these memoranda can be found below:

[Legislative Changes to Property Tax Referenda](#)

[Property Tax Referendum Calculations](#)

V. Referenda Revenue Spending Plans & Changes to Preliminary Determinations on a Controlled Project

SEA 55 adds two requirements for school corporations seeking a property tax referendum. First, a school corporation seeking an operating or school safety referendum develops a revenue spending plan for the taxes approved by the referendum. Second, a local unit (including a school corporation) that makes a preliminary determination on a controlled project must include in the determination information about the debt service levy over a ten (10) year period. The

Department has issued a memorandum explaining these additional requirements in greater detail. The link to the memorandum can be found below:

[Legislative Changes to Property Tax Referenda](#)

Contact Information

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