

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All School Corporations

FROM: Micah G. Vincent, Commissioner *MGV*

RE: Changes Affecting School Corporation Appeals to the Distressed Unit Appeals Board

DATE: June 20, 2013

On May 4, 2013, Governor Mike Pence signed into law Senate Enrolled Act 517 ("SEA 517"). Several amendments make changes affecting the Distressed Unit Appeals Board ("DUAB"). The amendments, effective upon passage, are as follows:

- (1) Section 20 amends IC 6-1.1-20.3-6 so that a school corporation may petition the DUAB to declare the school corporation a distressed political subdivision and to seek permission to transfer before July 1, 2015 excess funds in the school's debt service fund to the school's transportation fund.
- (2) Section 22 amends IC 6-1.1-20.3-7.5 such that the DUAB must appoint an emergency manager to a school corporation designated as distressed on or after July 1, 2013.
- (3) Section 24 adds IC 6-1.1-20.3-8.4, which provides that after the DUAB receives a petition for permission to transfer excess debt service funds to the transportation fund, the DUAB shall review and determine whether school may transfer money from its debt service fund to its transportation fund. The DUAB must make a determination regarding:
 - A. whether the school corporation may transfer excess funds in the school corporation's debt service fund to the school corporation's transportation fund; and
 - B. if a transfer is approved, the amount of excess funds that may be transferred.The DUAB may not approve such a transfer if it is to occur after June 30, 2015.
- (4) Section 26 amends IC 6-1.1-20.3-10 so that a school corporation may seek judicial review in Tax Court of a DUAB determination under IC 6-1.1-20.3-8.4.

This memorandum is intended to be an informative bulletin, not a substitute for reading the law. Questions may be directed to Staff Attorney Mike Duffy at 317-233-9219 or mduffy@dlgf.in.gov.