

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

# HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1381 be amended to read as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation and to make an appropriation.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 6-1.1-19-1.5, AS AMENDED BY P.L.246-2005,
- 7 SECTION 60, IS AMENDED TO READ AS FOLLOWS
- 8 [EFFECTIVE JULY 1, 2006]: Sec. 1.5. (a) The following definitions
- 9 apply throughout this section and IC 21-3-1.7:
- 10 (1) "Adjustment factor" means the adjustment factor determined
- 11 by the department of local government finance for a school
- 12 corporation under IC 6-1.1-34.
- 13 (2) "Adjusted target property tax rate" means:
- 14 (A) the school corporation's target general fund property tax
- 15 rate determined under IC 21-3-1.7-6.8; multiplied by
- 16 (B) the school corporation's adjustment factor.
- 17 (3) "Previous year property tax rate" means the part of the school
- 18 corporation's previous year general fund property tax rate imposed
- 19 for the school corporation's tuition support levy (as defined in
- 20 IC 21-3-1.7-5), but before the reductions in IC 21-3-1.7-5.
- 21 (b) Except as otherwise provided in this chapter, a school
- 22 corporation may not impose a general fund ad valorem property tax
- 23 levy which exceeds the following:
- 24 STEP ONE: Determine the result of:
- 25 (A) the school corporation's adjusted target property tax rate;

- 1           minus
- 2           (B) the school corporation's previous year property tax rate.
- 3       STEP TWO: If the school corporation's adjusted target property
- 4       tax rate:
- 5           (A) exceeds the school corporation's previous year property tax
- 6           rate, the result under this STEP for the school corporation is
- 7           the school corporation's previous year property tax rate after
- 8           increasing the rate by the lesser of:
- 9           (i) the STEP ONE result; or
- 10          (ii) three cents (\$0.03); or
- 11          (B) is less than the school corporation's previous year property
- 12          tax rate, the result under this STEP is the school corporation's
- 13          previous year property tax rate after reducing the rate by the
- 14          lesser of:
- 15          (i) the absolute value of the STEP ONE result; or
- 16          (ii) eight cents (\$0.08); or
- 17          (C) equals the school corporation's previous year property tax
- 18          rate, the result under this STEP is the school corporation's
- 19          adjusted target property tax rate.
- 20       STEP THREE: Divide the school corporation's total assessed
- 21       value by one hundred dollars (\$100).
- 22       STEP FOUR: Multiply the STEP TWO result by the STEP
- 23       THREE result.
- 24       STEP FIVE: Determine the sum of the following:
- 25           (A) The STEP FOUR result.
- 26           (B) An amount equal to the annual decrease in federal aid to
- 27           impacted areas from the year preceding the ensuing calendar
- 28           year by three (3) years to the year preceding the ensuing
- 29           calendar year by two (2) years.
- 30           (C) The part of the maximum general fund levy for the year
- 31           that equals the original amount of the levy by the school
- 32           corporation to cover the costs of opening a new school facility
- 33           or reopening an existing facility during the preceding year.
- 34           (D) The amount determined under item (iv) of the following
- 35           formula:
- 36           (i) Determine the target revenue per ADM under
- 37           IC 21-3-1.7-6.7 for each charter school that included at least
- 38           one (1) student who has legal settlement in the school
- 39           corporation in the charter school's current ADM.
- 40           (ii) For each charter school, multiply the item (i) amount by
- 41           the number of students who have legal settlement in the
- 42           school corporation and who are included in the charter
- 43           school's current ADM.
- 44           (iii) Determine the sum of the item (ii) amounts.
- 45           (iv) Multiply the item (iii) amount by thirty-five hundredths
- 46           (0.35).
- 47       **For determinations before July 1, 2007, in determining the**

1 number of students for purposes of this clause, each  
 2 kindergarten pupil shall be counted as one-half (1/2) pupil. **For**  
 3 **determinations after June 30, 2007, in determining the**  
 4 **number of students for purposes of this clause, each**  
 5 **kindergarten pupil who does not attend a full-day**  
 6 **kindergarten program shall be counted as one-half (1/2)**  
 7 **pupil, and each kindergarten pupil who attends a full-day**  
 8 **kindergarten program shall be counted as one (1) pupil.**

9 (c) For purposes of this section, "total assessed value" with respect  
 10 to a school corporation means the total assessed value of all taxable  
 11 property for ad valorem property taxes first due and payable during that  
 12 year.

13 (d) The department of local government finance shall annually  
 14 establish an assessment ratio and adjustment factor for each school  
 15 corporation to be used upon the review and recommendation of the  
 16 budget committee. The information compiled, including background  
 17 documentation, may not be used in a:

- 18 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
- 19 IC 6-1.1-14, or IC 6-1.1-15;
- 20 (2) petition for a correction of error under IC 6-1.1-15-12; or
- 21 (3) petition for refund under IC 6-1.1-26.

22 (e) All tax rates and tax levies computed under this section shall be  
 23 computed by rounding in conformity with IC 21-3-1.7-7."

24 Page 6, between lines 41 and 42, begin a new paragraph and insert:

25 **"Sec. 31. This chapter applies only to taxable years ending**  
 26 **before January 1, 2011.**

27 SECTION 3. IC 6-7-1-12 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 12. (a) The following  
 29 taxes are imposed, and shall be collected and paid as provided in this  
 30 chapter, upon the sale, exchange, bartering, furnishing, giving away, or  
 31 otherwise disposing of cigarettes within the state of Indiana:

- 32 (1) On cigarettes weighing not more than three (3) pounds per  
 33 thousand (1,000), a tax at the rate of ~~two and seven hundred~~  
 34 ~~seventy-five thousandths~~ **four and six-tenths** of a cent (~~\$0.02775~~)  
 35 **(\$0.046)** per individual cigarette.
- 36 (2) On cigarettes weighing more than three (3) pounds per  
 37 thousand (1,000), a tax at the rate of ~~three and six thousand eight~~  
 38 ~~hundred eighty-one ten-thousandths~~ **six and one hundred**  
 39 **fourteen thousandths** of a cent (~~\$0.036881~~) **(\$0.06114)** per  
 40 individual cigarette, except that if any cigarettes weighing more  
 41 than three (3) pounds per thousand (1,000) shall be more than six  
 42 and one-half (6 1/2) inches in length, they shall be taxable at the  
 43 rate provided in subdivision (1), counting each two and  
 44 three-fourths (2 3/4) inches (or fraction thereof) as a separate  
 45 cigarette.

46 (b) Upon all cigarette papers, wrappers, or tubes, made or prepared  
 47 for the purpose of making cigarettes, which are sold, exchanged,

1 bartered, given away, or otherwise disposed of within the state of  
 2 Indiana (other than to a manufacturer of cigarettes for use by him in the  
 3 manufacture of cigarettes), the following taxes are imposed, and shall  
 4 be collected and paid as provided in this chapter:

- 5 (1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).
- 6 (2) On more than fifty (50) papers but not more than one hundred  
 7 (100) papers, a tax of one cent (\$0.01).
- 8 (3) On more than one hundred (100) papers, one-half cent  
 9 (\$0.005) for each fifty (50) papers or fractional part thereof.
- 10 (4) On tubes, one cent (\$0.01) for each fifty (50) tubes or  
 11 fractional part thereof.

12 SECTION 4. IC 6-7-1-17 IS AMENDED TO READ AS  
 13 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 17. (a) Distributors  
 14 who hold certificates and retailers shall be agents of the state in the  
 15 collection of the taxes imposed by this chapter and the amount of the  
 16 tax levied, assessed, and imposed by this chapter on cigarettes sold,  
 17 exchanged, bartered, furnished, given away, or otherwise disposed of  
 18 by distributors or to retailers. Distributors who hold certificates shall be  
 19 agents of the department to affix the required stamps and shall be  
 20 entitled to purchase the stamps from the department at a discount of ~~one~~  
 21 ~~and two-tenths~~ **eight-tenths** percent (~~1.2%~~) **(0.8%)** of the amount of  
 22 the tax stamps purchased, as compensation for their labor and expense.

23 (b) The department may permit distributors who hold certificates  
 24 and who are admitted to do business in Indiana to pay for revenue  
 25 stamps within thirty (30) days after the date of purchase. However, the  
 26 privilege is extended upon the express condition that:

- 27 (1) except as provided in subsection (c), a bond or letter of credit  
 28 satisfactory to the department, in an amount not less than the sales  
 29 price of the stamps, is filed with the department; and
- 30 (2) proof of payment is made of all local property, state income,  
 31 and excise taxes for which any such distributor may be liable. The  
 32 bond or letter of credit, conditioned to secure payment for the  
 33 stamps, shall be executed by the distributor as principal and by a  
 34 corporation duly authorized to engage in business as a surety  
 35 company or financial institution in Indiana.

36 (c) If a distributor has at least five (5) consecutive years of good  
 37 credit standing with the state, the distributor shall not be required to  
 38 post a bond or letter of credit under subsection (b).

39 SECTION 5. IC 6-7-1-28.1 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 28.1. The taxes,  
 41 registration fees, fines, or penalties collected under this chapter shall be  
 42 deposited in the following manner:

- 43 (1) ~~Six and six-tenths~~ **Four and forty-four hundredths** percent  
 44 (~~6.6%~~) **(4.44%)** of the money shall be deposited in a fund to be  
 45 known as the cigarette tax fund.
- 46 (2) ~~Ninety-four~~ **Sixty-three** hundredths percent (~~0.94%~~) **(0.63%)**  
 47 of the money shall be deposited in a fund to be known as the

- 1           mental health centers fund.  
 2           (3) ~~Eighty-three and ninety-seven~~ **Eighty-nine and twenty-two**  
 3           hundredths percent (~~83.97%~~) (**89.22%**) of the money shall be  
 4           deposited in the state general fund.  
 5           (4) ~~Eight and forty-nine~~ **Five and seventy-one** hundredths percent  
 6           (~~8.49%~~) (**5.71%**) of the money shall be deposited into the pension  
 7           relief fund established in IC 5-10.3-11.

8           The money in the cigarette tax fund, the mental health centers fund, or  
 9           the pension relief fund at the end of a fiscal year does not revert to the  
 10          state general fund. However, if in any fiscal year, the amount allocated  
 11          to a fund under subdivision (1) or (2) is less than the amount received  
 12          in fiscal year 1977, then that fund shall be credited with the difference  
 13          between the amount allocated and the amount received in fiscal year  
 14          1977, and the allocation for the fiscal year to the fund under subdivision  
 15          (3) shall be reduced by the amount of that difference.

16          SECTION 6. IC 6-7-1-30.2 IS AMENDED TO READ AS  
 17          FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 30.2. (a) There is  
 18          annually appropriated to the state department of health one hundred  
 19          ninety thousand dollars (\$190,000) from the state general fund for the  
 20          purpose of providing supplementary funding for the WIC (Women,  
 21          Infants, and Children) program (42 U.S.C. 1786) in Indiana. The  
 22          appropriation shall be administered by the nutrition division of the state  
 23          department of health and shall be allocated to fund local WIC  
 24          programs.

25          (b) There is annually appropriated to the state department of health  
 26          one hundred ninety thousand dollars (\$190,000) from the state general  
 27          fund for the purpose of providing supplementary funding for maternal  
 28          and child health services. The appropriation shall be administered by  
 29          the maternal and child health division of the state department of health.  
 30          The funds appropriated under this subsection must be used to:

- 31               (1) supplement federal Maternal and Child Health Services Block  
 32               Grant funds provided under 42 U.S.C. 701 et seq. for the purpose  
 33               of establishing and maintaining programs of pregnancy care in  
 34               underserved areas of Indiana; and  
 35               (2) provide funding for the hospital and medical expenses  
 36               connected with the delivery of children whose parents are eligible  
 37               for services that may be reimbursed with funds provided under the  
 38               federal Maternal and Child Health Services Block Grant Program  
 39               (42 U.S.C. 701 et seq.).

40          (c) There is annually transferred to the school age child care project  
 41          fund established under IC 12-17-12-7 from the state general fund ~~five~~  
 42          ~~hundred fifty thousand~~ **one million one hundred thousand** dollars  
 43          (~~\$550,000~~) (**\$1,100,000**) for carrying out the purposes of the school age  
 44          child care project.

45          SECTION 7. IC 20-24-7-3, AS ADDED BY P.L. 1-2005, SECTION  
 46          8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 47          2006]: Sec. 3. (a) This section applies to a conversion charter school.

1 (b) Not later than the date established by the department for  
 2 determining average daily membership and after July 2, the organizer  
 3 shall submit to a governing body on a form prescribed by the  
 4 department the information reported under section 2(a) of this chapter  
 5 for each student who:

- 6 (1) is enrolled in the organizer's conversion charter school; and
- 7 (2) has legal settlement in the governing body's school  
 8 corporation.

9 (c) Beginning not more than sixty (60) days after the department  
 10 receives the information reported under section 2(a) of this chapter, the  
 11 department shall distribute to the organizer:

- 12 (1) tuition support and other state funding for any purpose for  
 13 students enrolled in the conversion charter school;
- 14 (2) a proportionate share of state and federal funds received:
  - 15 (A) for students with disabilities; or
  - 16 (B) staff services for students with disabilities;  
 17 enrolled in the conversion charter school; and
- 18 (3) a proportionate share of funds received under federal or state  
 19 categorical aid programs for students who are eligible for the  
 20 federal or state categorical aid and are enrolled in the conversion  
 21 charter school;

22 for the second six (6) months of the calendar year in which the  
 23 conversion charter school is established. The department shall make a  
 24 distribution under this subsection at the same time and in the same  
 25 manner as the department makes a distribution to the governing body  
 26 of the school corporation in which the conversion charter school is  
 27 located. A distribution to the governing body of the school corporation  
 28 in which the conversion charter school is located is reduced by the  
 29 amount distributed to the conversion charter school. This subsection  
 30 does not apply to a conversion charter school after December 31 of the  
 31 calendar year in which the conversion charter school is established.

32 (d) This subsection applies beginning with the first property tax  
 33 distribution described in IC 6-1.1-27-1 to the governing body of the  
 34 school corporation in which a conversion charter school is located after  
 35 the governing body receives the information reported under subsection  
 36 (b). Not more than ten (10) days after the governing body receives a  
 37 property tax distribution described in IC 6-1.1-27-1, the governing  
 38 body shall distribute to the conversion charter school the amount  
 39 determined under STEP THREE of the following formula:

40 STEP ONE: Determine the quotient of:

- 41 (A) the number of students who:
  - 42 (i) are enrolled in the conversion charter school; and
  - 43 (ii) were counted in the ADM of the previous year for the  
 44 school corporation in which the conversion charter school is  
 45 located; divided by
- 46 (B) the current ADM of the school corporation in which the  
 47 conversion charter school is located.

1           **For distributions before July 1, 2007**, in determining the number  
 2 of students enrolled under clause (A)(i), each kindergarten student  
 3 shall be counted as one-half (1/2) student. **For distributions after**  
 4 **June 30, 2007, in determining the number of students enrolled**  
 5 **under clause (A)(i), each kindergarten student who does not**  
 6 **attend a full-day kindergarten program shall be counted as**  
 7 **one-half (1/2) student, and each kindergarten student who**  
 8 **attends a full-day kindergarten program shall be counted as**  
 9 **one (1) student.**

10 STEP TWO: Determine the total amount of the following  
 11 revenues to which the school corporation in which the conversion  
 12 charter school is located is entitled for the second six (6) months  
 13 of the calendar year in which the conversion charter school is  
 14 established:

- 15           (A) Revenues obtained by the school corporation's:  
 16               (i) general fund property tax levy; and  
 17               (ii) excise tax revenue (as defined in IC 21-3-1.7-2).  
 18           (B) The school corporation's certified distribution of county  
 19 adjusted gross income tax revenue under IC 6-3.5-1.1 that is to  
 20 be used as property tax replacement credits.

21 STEP THREE: Determine the product of:

- 22           (A) the STEP ONE amount; multiplied by  
 23           (B) the STEP TWO amount.

24           (e) Subsection (d) does not apply to a conversion charter school after  
 25 the later of the following dates:

- 26           (1) December 31 of the calendar year in which the conversion  
 27 charter school is established.  
 28           (2) Ten (10) days after the date on which the governing body of  
 29 the school corporation in which the conversion charter school is  
 30 located receives the final distribution described in IC 6-1.1-27-1  
 31 of revenues to which the school corporation in which the  
 32 conversion charter school is located is entitled for the second six  
 33 (6) months of the calendar year in which the conversion charter  
 34 school is established.

35           (f) This subsection applies during the second six (6) months of the  
 36 calendar year in which a conversion charter school is established. A  
 37 conversion charter school may apply for an advance from the charter  
 38 school advancement account under IC 21-1-32 in the amount  
 39 determined under STEP FOUR of the following formula:

40           STEP ONE: Determine the result under subsection (d) STEP ONE  
 41 (A).

42           STEP TWO: Determine the difference between:

- 43               (A) the conversion charter school's current ADM; minus  
 44               (B) the STEP ONE amount.

45           STEP THREE: Determine the quotient of:

- 46               (A) the STEP TWO amount; divided by  
 47               (B) the conversion charter school's current ADM.

1 STEP FOUR: Determine the product of:

2 (A) the STEP THREE amount; multiplied by

3 (B) the quotient of:

4 (i) the subsection (d) STEP TWO amount; divided by

5 (ii) two (2).

6 SECTION 8. IC 20-26-11-13, AS ADDED BY P.L.1-2005,  
7 SECTION 10, IS AMENDED TO READ AS FOLLOWS  
8 [EFFECTIVE JULY 1, 2006]: Sec. 13. (a) As used in this section, the  
9 following terms have the following meanings:

10 (1) "ADM" means the following:

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

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

16 (2) "Class of school" refers to a classification of each school or  
17 program in the transferee corporation by the grades or special  
18 programs taught at the school. Generally, these classifications are  
19 denominated as kindergarten, elementary school, middle school  
20 or junior high school, high school, and special schools or classes,  
21 such as schools or classes for special education, vocational  
22 training, or career education.

23 (3) "Special equipment" means equipment that during a school  
24 year:

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

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

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

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

34 (4) "Student enrollment" means the following:

35 (A) The total number of students in kindergarten through grade  
36 12 who are enrolled in a transferee school corporation on a  
37 date determined by the state board.

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

41 **However, For determinations before July 1, 2007, a**  
42 **kindergarten student shall be counted under clauses (A) and (B)**  
43 **as one-half (1/2) student. For determinations after June 30,**  
44 **2007, a kindergarten student who does not attend a full-day**  
45 **kindergarten program shall be counted under clauses (A) and**  
46 **(B) as one-half (1/2) student, and a kindergarten student who**  
47 **attends a full-day kindergarten program shall be counted**



1           **under clauses (A) and (B) as one (1) student.** The state board  
 2           may select a different date for counts under this subdivision.  
 3           However, the same date shall be used for all school corporations  
 4           making a count for the same class of school.

5           (b) Each transferee corporation is entitled to receive for each school  
 6           year on account of each transferred student, except a student transferred  
 7           under section 6 of this chapter, transfer tuition from the transferor  
 8           corporation or the state as provided in this chapter. Transfer tuition  
 9           equals the amount determined under STEP THREE of the following  
 10          formula:

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

16          STEP TWO: If the transferee school included the transfer student  
 17          in the transferee school's ADM for a school year, allocate to the  
 18          transfer student a proportionate share of the following general  
 19          fund revenues of the transferee school for, except as provided in  
 20          clause (C), the calendar year in which the school year ends:

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

- 24           (i) Primetime grant under IC 21-1-30.
- 25           (ii) Tuition support for basic programs.
- 26           (iii) Enrollment growth grant under IC 21-3-1.7-9.5.
- 27           (iv) At-risk grant under IC 21-3-1.7-9.7.
- 28           (v) Academic honors diploma award under IC 21-3-1.7-9.8.
- 29           (vi) Vocational education grant under IC 21-3-12.
- 30           (vii) Special education grant under IC 21-3-2.1.
- 31           (viii) The portion of the ADA flat grant that is available for  
 32           the payment of general operating expenses under  
 33           IC 21-3-4.5-2(b)(1).

34          (B) Property tax levies.

35          (C) Excise tax revenue (as defined in IC 21-3-1.7-2) received  
 36          for deposit in the calendar year in which the school year  
 37          begins.

38          (D) Allocations to the transferee school under IC 6-3.5.

39          STEP THREE: Determine the greater of:

40          (A) zero (0); or

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

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

1 upon a prorated per student cost.

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

- 8 (1) capital outlay;
- 9 (2) debt service;
- 10 (3) costs of transportation;
- 11 (4) salaries of board members;
- 12 (5) contracted service for legal expenses; and
- 13 (6) any expenditure that is made out of the general fund from  
14 extracurricular account receipts;

15 for the school year.

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

- 18 (1) the cost of the special equipment; divided by
- 19 (2) the product of:
  - 20 (A) the useful life of the special equipment, as determined
  - 21 under the rules adopted by the state board; multiplied by
  - 22 (B) the number of students using the special equipment during
  - 23 at least part of the school year.

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

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

- 31 (1) the transferee school corporation's operating costs for the class  
32 of school in which the transfer student is enrolled; by
- 33 (2) the student enrollment of the class of school in which the  
34 transfer student is enrolled.

35 When a transferred student is enrolled in a transferee corporation for  
36 less than the full school year of student attendance, the transfer tuition  
37 shall be calculated by the part of the school year for which the  
38 transferred student is enrolled. A school year of student attendance  
39 consists of the number of days school is in session for student  
40 attendance. A student, regardless of the student's attendance, is enrolled  
41 in a transferee school unless the student is no longer entitled to be  
42 transferred because of a change of residence, the student has been  
43 excluded or expelled from school for the balance of the school year or  
44 for an indefinite period, or the student has been confirmed to have  
45 withdrawn from school. The transferor and the transferee corporation  
46 may enter into written agreements concerning the amount of transfer  
47 tuition due in any school year. If an agreement cannot be reached, the

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

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

- 5 (1) the total amount of revenues received; by
- 6 (2) the ADM of the transferee school for the school year that ends  
7 in the calendar year in which the revenues are received.

8 However, for state distributions under IC 21-1-30, IC 21-3-2.1,  
9 IC 21-3-12, or any other statute that computes the amount of a state  
10 distribution using less than the total ADM of the transferee school, the  
11 transferee school shall allocate the revenues to the transfer student by  
12 dividing the revenues that the transferee school is eligible to receive in  
13 a calendar year by the student count used to compute the state  
14 distribution.

15 (h) Instead of the payments provided in subsection (b), the transferor  
16 corporation or state owing transfer tuition may enter into a long term  
17 contract with the transferee corporation governing the transfer of  
18 students. The contract may:

- 19 (1) be entered into for a period of not more than five (5) years  
20 with an option to renew;
- 21 (2) specify a maximum number of students to be transferred; and
- 22 (3) fix a method for determining the amount of transfer tuition and  
23 the time of payment, which may be different from that provided  
24 in section 14 of this chapter.

25 (i) If the school corporation can meet the requirements of  
26 ~~IC 21-1-30-5~~, **IC 21-1-30-5.5**, it may negotiate transfer tuition  
27 agreements with a neighboring school corporation that can  
28 accommodate additional students. Agreements under this section may:

- 29 (1) be for one (1) year or longer; and
- 30 (2) fix a method for determining the amount of transfer tuition or  
31 time of payment that is different from the method, amount, or time  
32 of payment that is provided in this section or section 14 of this  
33 chapter.

34 A school corporation may not transfer a student under this section  
35 without the prior approval of the child's parent.

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

40 SECTION 9. IC 20-26-11-20, AS ADDED BY P.L.1-2005,  
41 SECTION 10, IS AMENDED TO READ AS FOLLOWS  
42 [EFFECTIVE JULY 1, 2006]: Sec. 20. (a) As used in sections 19  
43 through 29 of this chapter, "ADM" refers to ADM as defined in  
44 IC 21-3-1.6-1.1.

45 (b) As used in sections 19 through 29 of this chapter, "capital  
46 projects fund" refers to the school corporation fund set up under  
47 IC 21-2-15.

1 (c) As used in sections 19 through 29 of this chapter, "class of  
2 school" refers to a classification of each school in the transferee  
3 corporation by the grades taught therein (generally denominated as  
4 elementary schools, middle schools or junior high schools, high  
5 schools, and special schools such as schools for special education,  
6 vocational training or career education). Elementary schools include  
7 schools containing kindergarten, but **the following apply** for purposes  
8 of this chapter:

9 **(1) For determinations before July 1, 2007,** a kindergarten  
10 student shall be counted as one-half (1/2) student.

11 **(2) For determinations after June 30, 2007, a kindergarten**  
12 **student who does not attend a full-day kindergarten program**  
13 **shall be counted as one-half (1/2) student, and a kindergarten**  
14 **student who attends a full-day kindergarten program shall be**  
15 **counted as one (1) student.**

16 (d) As used in sections 19 through 29 of this chapter, "debt service  
17 fund" refers to the school corporation fund set up under IC 21-2-4.

18 (e) As used in sections 19 through 29 of this chapter, "general fund"  
19 refers to the school corporation funds set up under IC 21-2-11.

20 (f) As used in sections 19 through 29 of this chapter, "transferee  
21 corporation" means the school corporation receiving students under a  
22 court order described in section 19 of this chapter.

23 (g) As used in sections 19 through 29 of this chapter, "transferor  
24 corporation" means the school corporation transferring students under  
25 a court order described in section 19 of this chapter.

26 (h) As used in sections 19 through 29 of this chapter, "transferred  
27 student" means any student transferred under a court order described in  
28 section 19 of this chapter.

29 SECTION 10. IC 21-1-30-2, AS AMENDED BY P.L.246-2005,  
30 SECTION 180, IS AMENDED TO READ AS FOLLOWS  
31 [EFFECTIVE JULY 1, 2006]: Sec. 2. For purposes of computation  
32 under this chapter, the following shall be used:

33 (1) **Before July 1, 2007,** kindergarten pupils shall be counted as  
34 five-tenths (0.5), **and** all other pupils shall be counted as one (1).  
35 **After June 30, 2007, kindergarten pupils who do not attend a**  
36 **full-day kindergarten program shall be counted as five-tenths**  
37 **(0.5), and all other pupils, including kindergarten pupils who**  
38 **attend a full-day kindergarten program, shall be counted as**  
39 **one (1).**

40 (2) The number of pupils shall be the number of pupils used in  
41 determining ADM, as defined by IC 21-3-1.6, for the current year.

42 (3) The staff cost amount for a school corporation is sixty-nine  
43 thousand eight hundred eleven dollars (\$69,811).

44 (4) The guaranteed amount for a school corporation is the  
45 primetime allocation, before any penalty is assessed under this  
46 chapter, that the school corporation would have received under  
47 this chapter for the 1999 calendar year or the first year of

- 1 participation in the program, whichever is later.
- 2 (5) The following apply to determine whether amounts received
- 3 under this chapter have been devoted to reducing class size in
- 4 kindergarten through grade 3 as required by section 3(b) of this
- 5 chapter:
- 6 (A) Except as permitted under section 5.5 of this chapter, only
- 7 a licensed teacher who is an actual classroom teacher in a
- 8 regular instructional program is counted as a teacher.
- 9 (B) If a school corporation is granted approval under section
- 10 5.5 of this chapter, the school corporation may include as
- 11 one-third (1/3) of a teacher each classroom instructional aide
- 12 who meets qualifications and performs duties prescribed by the
- 13 Indiana state board of education.
- 14 (6) The complexity index is the index determined under
- 15 IC 21-3-1.7-6.7.
- 16 SECTION 11. IC 21-3-1.6-1.1, AS AMENDED BY P.L.1-2005,
- 17 SECTION 170, AND AS AMENDED BY P.L.246, SECTION 191, IS
- 18 CORRECTED AND AMENDED TO READ AS FOLLOWS
- 19 [EFFECTIVE JULY 1, 2006]: Sec. 1.1. As used in this chapter:
- 20 (a) "School corporation" means any local public school corporation
- 21 established under Indiana law. Except as otherwise indicated, the term
- 22 includes a charter school.
- 23 (b) "School year" means a year beginning July 1 and ending the next
- 24 succeeding June 30.
- 25 (c) "State distribution" due a school corporation means the amount
- 26 of state funds to be distributed to a school corporation in any calendar
- 27 year under this chapter.
- 28 (d) "Average daily membership" or "ADM" of a school corporation
- 29 means the number of eligible pupils enrolled in the school corporation
- 30 or in a transferee corporation on a day to be fixed annually by the
- 31 Indiana state board of education and *beginning in the school year that*
- 32 *ends in the 2005 calendar year*, as subsequently adjusted not later than
- 33 January 30 under the rules adopted by the state board of education. The
- 34 initial day of the count shall fall within the first thirty (30) days of the
- 35 school term. If, however, extreme patterns of student in-migration,
- 36 illness, natural disaster, or other unusual conditions in a particular
- 37 school corporation's enrollment on either the day fixed by the Indiana
- 38 state board of education or on the subsequent adjustment date, cause the
- 39 enrollment to be unrepresentative of the school corporation's enrollment
- 40 throughout a school year, the Indiana state board of education may
- 41 designate another day for determining the school corporation's
- 42 enrollment. The Indiana state board of education shall monitor changes
- 43 that occur after the fall count, in the number of students enrolled in
- 44 programs for children with disabilities and shall, before December 2 of
- 45 that same year and, beginning in the 2004 calendar year, before April
- 46 2 of the following calendar year, make an adjusted count of students
- 47 enrolled in programs for children with disabilities. The superintendent

1 of public instruction shall certify the December adjusted count to the  
 2 budget committee before February 5 of the following year and the April  
 3 adjusted count not later than May 31 immediately after the date of the  
 4 April adjusted count. In determining the ADM **for distributions before**  
 5 **July 1, 2007**, each kindergarten pupil shall be counted as one-half (1/2)  
 6 pupil. **In determining the ADM for distributions after June 30,**  
 7 **2007, each kindergarten pupil shall be counted as one-half (1/2)**  
 8 **pupil.** Where a school corporation commences kindergarten in a school  
 9 year, the ADM of the current and prior calendar years shall be adjusted  
 10 to reflect the enrollment of the kindergarten pupils. In determining the  
 11 ADM, each pupil enrolled in a public school and a nonpublic school is  
 12 to be counted on a full-time equivalency basis as provided in section  
 13 1.2 of this chapter.

14 (e) "Additional count" of a school corporation, or comparable  
 15 language, means the aggregate of the additional counts of the school  
 16 corporation for certain pupils as set out in section 3 of this chapter  
 17 (repealed) and as determined at the times for calculating ADM.  
 18 "Current additional count" means the initial computed additional count  
 19 of the school corporation for the school year ending in the calendar  
 20 year. "Prior year additional count" of a school corporation used in  
 21 computing its state distribution in a calendar year means the initial  
 22 computed additional count of the school corporation for the school year  
 23 ending in the preceding calendar year.

24 (f) For purposes of this subsection, "school corporation" does not  
 25 include a charter school. "Adjusted assessed valuation" of any school  
 26 corporation used in computing state distribution for a calendar year  
 27 means the assessed valuation in the school corporation, adjusted as  
 28 provided in IC 6-1.1-34. The amount of the valuation shall also be  
 29 adjusted downward by the department of local government finance to  
 30 the extent it consists of real or personal property owned by a railroad  
 31 or other corporation under the jurisdiction of a federal court under the  
 32 federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the  
 33 corporation being involved in a bankruptcy proceeding the corporation  
 34 is delinquent in payment of its Indiana real and personal property taxes  
 35 for the year to which the valuation applies. If the railroad or other  
 36 corporation in some subsequent calendar year makes payment of the  
 37 delinquent taxes, then the state superintendent of public instruction  
 38 shall prescribe adjustments in the distributions of state funds pursuant  
 39 to this chapter as are thereafter to become due to a school corporation  
 40 affected by the delinquency as will ensure that the school corporation  
 41 will not have been unjustly enriched under the provisions of  
 42 P.L.382-1987(ss). The amount of the valuation shall also be adjusted  
 43 downward by the department of local government finance to the extent  
 44 it consists of real or personal property described in IC 6-1.1-17-0.5(b).

45 (g) "General fund" means a fund established under IC 21-2-11-2.

46 (h) "Teacher" means every person who is required as a condition of  
 47 employment by a school corporation to hold a teacher's license issued

1 or recognized by the state, except substitutes and any person paid  
2 entirely from federal funds.

3 (i) For purposes of this subsection, "school corporation" does not  
4 include a charter school. "Teacher ratio" of a school corporation used  
5 in computing state distribution in any calendar year means the ratio  
6 assigned to the school corporation pursuant to section 2 of this chapter.

7 (j) "Eligible pupil" means a pupil enrolled in a school corporation if:

8 (1) the school corporation has the responsibility to educate the  
9 pupil in its public schools without the payment of tuition;

10 (2) subject to subdivision (5), the school corporation has the  
11 responsibility to pay transfer tuition under ~~IC 20-8-1-6.1~~,  
12 *IC 20-8.1-6.1 (before its repeal)* or IC 20-26-11, because the pupil  
13 is transferred for education to another school corporation (the  
14 "transferee corporation");

15 (3) the pupil is enrolled in a school corporation as a transfer  
16 student under ~~IC 20-8-1-6.1~~, *IC 20-8.1-6.1 (before its repeal)* or  
17 IC 20-26-11-6 or entitled to be counted for ADM or additional  
18 count purposes as a resident of the school corporation when  
19 attending its schools under any other applicable law or regulation;

20 (4) the state is responsible for the payment of transfer tuition to  
21 the school corporation for the pupil under ~~IC 20-8-1-6.1~~,  
22 *IC 20-8.1-6.1 (before its repeal)* or IC 20-26-11; or

23 (5) all of the following apply:

24 (A) The school corporation is a transferee corporation.

25 (B) The pupil does not qualify as a qualified pupil in the  
26 transferee corporation under subdivision (3) or (4).

27 (C) The transferee corporation's attendance area includes a  
28 state licensed private or public health care facility, child care  
29 facility, or foster family home where the pupil was placed:

30 (i) by or with the consent of the division of family and  
31 children;

32 (ii) by a court order;

33 (iii) by a child placing agency licensed by the division of  
34 family and children; or

35 (iv) by a parent or guardian under ~~IC 20-8-1-6.1~~,  
36 *IC 20-8.1-6.1 (before its repeal)* or IC 20-26-11-8.

37 For purposes of IC 21-3-12, the term includes a student enrolled in a  
38 charter school.

39 (k) "General fund budget" of a school corporation means the amount  
40 of the budget approved for a given year by the department of local  
41 government finance and used by the department of local government  
42 finance in certifying a school corporation's general fund tax levy and  
43 tax rate for the school corporation's general fund as provided for in  
44 IC 21-2-11. The term does not apply to a charter school.

45 ~~(l) "At risk index" means the following:~~

46 ~~(1) For a school corporation that is a not a charter school, the~~  
47 ~~sum of:~~

1           (A) the product of sixteen-hundredths (0.16) multiplied by the  
2           percentage of families in the school corporation with children  
3           who are less than eighteen (18) years of age and who have a  
4           family income below the federal income poverty level (as  
5           defined in IC 12-15-2-1);

6           (B) the product of four-tenths (0.4) multiplied by the  
7           percentage of families in the school corporation with a single  
8           parent; and

9           (C) the product of forty-four hundredths (0.44) multiplied by  
10           the percentage of the population in the school corporation who  
11           are at least twenty (20) years of age with less than a twelfth  
12           grade education.

13           The data to be used in making the calculations under this  
14           subdivision must be the data from the 2000 federal decennial  
15           census.

16           (2) For a charter school, the index determined under subdivision  
17           (1) for the school corporation in which the charter school is  
18           located.

19           (m) (l) "ADM of the previous year" or "ADM of the prior year" used  
20           in computing a state distribution in a calendar year means the initial  
21           computed ADM for the school year ending in the preceding calendar  
22           year.

23           (m) (m) "Current ADM" used in computing a state distribution in a  
24           calendar year means the initial computed ADM for the school year  
25           ending in the calendar year.

26           SECTION 12. IC 21-3-2.5 IS ADDED TO THE INDIANA CODE  
27           AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
28           JULY 1, 2006]:

29           **Chapter 2.5. Full-Day Kindergarten Adjustment**

30           **Sec. 1. As used in this chapter, "ADM" has the meaning set**  
31           **forth in IC 21-3-1.6-1.1.**

32           **Sec. 2. As used in this chapter, "student count law" refers to the**  
33           **following:**

34           (1) IC 6-1.1-19-1.5.

35           (2) IC 20-24-7-3.

36           (3) IC 20-26-11-13.

37           (4) IC 20-26-11-20.

38           (5) IC 21-1-30-2.

39           (6) IC 21-3-1.6-1.1.

40           (7) IC 21-3-3.1-2.1.

41           **Sec. 3. In applying student count laws and determining tax levies**  
42           **and state distributions after June 30, 2007, and notwithstanding**  
43           **any other law, an additional property tax levy that would otherwise**  
44           **result for a school corporation from counting each kindergarten**  
45           **pupil who attends a full-day kindergarten program as one (1) pupil**  
46           **or one (1) ADM under student count laws, rather than one-half**  
47           **(1/2) pupil or one-half (1/2) ADM, may not be imposed by the**



1 **school corporation. An amount equal to the additional property tax**  
 2 **levy that would, except for application of this section, otherwise**  
 3 **result shall be distributed to the school corporation from the state**  
 4 **general fund as additional tuition support.**

5 **Sec. 4. The amount necessary to make the additional tuition**  
 6 **support distributions under section 3 of this chapter is**  
 7 **appropriated from the state general fund.**

8 SECTION 13. IC 21-3-3.1-2.1, AS AMENDED BY P.L.1-2005,  
 9 SECTION 173, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2006]: Sec. 2.1. (a) For each calendar year, the  
 11 allowable transportation distribution for each school corporation shall  
 12 be based on the following formula:

13 (1) The sum of two hundred seventy-five dollars (\$275) for 1988,  
 14 and two hundred eighty dollars (\$280) for 1989 and thereafter,  
 15 less the product of twenty dollars (\$20) multiplied by the linear  
 16 density of the school corporation.

17 (2) This remainder is then multiplied by the number of the school  
 18 corporation's eligible pupils.

19 (3) From this product is subtracted the product of thirteen and  
 20 sixty-seven hundredths cents (\$.1367) multiplied by each one  
 21 hundred dollars (\$100) of the school corporation's assessed value  
 22 for taxes first due and payable in the preceding year.

23 (b) Application of the formula in subsection (a) shall be governed  
 24 and modified by the following provisions:

25 (1) In calendar year 1976, and subsequent years, no school  
 26 corporation that receives funds under this chapter shall receive  
 27 less money than the school corporation was entitled to receive in  
 28 calendar year 1975 under IC 21-3-3 (repealed December 31,  
 29 1975).

30 (2) The linear density of the school corporation shall be  
 31 determined by dividing the total number of eligible pupils by the  
 32 round trip mileage of all vehicles used by or for the school  
 33 corporation in transporting pupils.

34 (3) Eligible pupils are those counted in ADM, enrolled in grades  
 35 K-12, and transported more than one (1) mile or a preschool child  
 36 who is transported for purposes of attending a special education  
 37 program under IC 20-35-4-9, regardless of the distance  
 38 transported.

39 (4) The round trip mileage of a vehicle shall be the total miles  
 40 traveled by the vehicle measured from the first point the vehicle  
 41 picks up an eligible pupil to the last point at which an eligible  
 42 pupil disembarks at school, multiplied by two (2).

43 (5) **For distributions before July 1, 2007**, a kindergarten pupil,  
 44 to the extent the pupil constitutes an eligible pupil, shall be  
 45 counted as one-half (1/2) an eligible pupil. **For distributions**  
 46 **after June 30, 2007, a kindergarten pupil, to the extent the**  
 47 **pupil constitutes an eligible pupil, shall be counted as one-half**

1           **(1/2) an eligible pupil for kindergarten pupils who do not**  
 2           **attend a full-day kindergarten program and one (1) eligible**  
 3           **pupil for kindergarten pupils who attend a full-day**  
 4           **kindergarten program.** A preschool pupil attending a special  
 5           education program under IC 20-35-4-9 is counted as one (1)  
 6           eligible pupil.

7           (6) All the factors, applied in sections 1 and 3 of this chapter for  
 8           determining the transportation distribution for any school  
 9           corporation for any calendar year, shall be those existing in the  
 10          school year ending in the preceding calendar year.

11          (7) If subsection (a)(3) requires the use of the assessed valuation  
 12          for a year in which a general reassessment becomes effective, the  
 13          state shall make an adjustment in the assessed value used to  
 14          neutralize the effect of the general reassessment. The adjustment  
 15          applies to all subsequent years before another general  
 16          reassessment becomes effective.

17          SECTION 14. [EFFECTIVE JULY 1, 2006] **(a) As used in this**  
 18          **SECTION, "ADM" has the meaning set forth in IC 21-3-1.6-1.1.**

19          **(b) The changes made by this act to the determination of ADM**  
 20          **and other student counts in:**

21                 **(1) IC 6-1.1-19-1.5;**

22                 **(2) IC 20-24-7-3;**

23                 **(3) IC 20-26-11-13;**

24                 **(4) IC 20-26-11-20;**

25                 **(5) IC 21-1-30-2;**

26                 **(6) IC 21-3-1.6-1.1; and**

27                 **(7) IC 21-3-3.1-2.1;**

28          **all as amended by this act, apply for purposes of calculating**  
 29          **distributions and payments made after June 30, 2007.**

30          SECTION 15. [EFFECTIVE JULY 1, 2006] **IC 6-7-1-28.1, as**  
 31          **amended by this act, applies to taxes, registration fees, fines, or**  
 32          **penalties collected under IC 6-7-1 after June 30, 2006.**

33          SECTION 16. [EFFECTIVE JULY 1, 2006] **(a) Notwithstanding**  
 34          **P.L.246-2005, SECTION 8, there is appropriated to the division of**  
 35          **family resources from the school age child care project fund one**  
 36          **million one hundred thousand dollars (\$1,100,000) for the state**  
 37          **fiscal year beginning July 1, 2006, and ending June 30, 2007, to**  
 38          **carry out the school age child care project.**

39          **(b) This SECTION expires June 30, 2007."**

40          Renumber all SECTIONS consecutively.

(Reference is to HB 1381 as printed January 27, 2006.)