

## CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 1362

**Citations Affected:** IC 36-1-2; IC 36-1.5.

**Synopsis:** Local government reorganization. Establishes a uniform procedure for the reorganization of political subdivisions. Provides that "political subdivision" does not include a local hospital authority or corporation. Provides that the reorganization process may be initiated by the legislative bodies of the reorganizing political subdivisions or by a petition signed by 5% of the voters in the reorganizing political subdivisions (as determined by the vote cast in the political subdivision for secretary of state at the most recent general election). Requires the reorganizing political subdivisions to appoint individuals to a reorganization committee to develop a plan for reorganization. Provides that political subdivisions and reorganization committees acting under the reorganization statute are subject to the open door law and the public records law. Specifies the elements that must be included in the plan. Provides that the proposed reorganization shall be submitted to the voters for approval if the plan is approved by the legislative bodies of the political subdivisions or, in some circumstances, if at least 10% of the voters in a political subdivision (as determined by the vote cast in the political subdivision for secretary of state at the most recent general election) submit a petition approving the plan of reorganization and requesting the public question to be held. Provides that a reorganization may occur only if the voters of the reorganizing political subdivisions approve the reorganization in the public question. Provides that in the case of a proposed reorganization between a county and a municipality, the legislative bodies of the reorganizing political subdivisions must agree on whether the public question on the proposed reorganization shall be: (1) conducted on a county-wide basis, without a rejection threshold; or (2) conducted on a county-wide basis, with a rejection threshold. Provides that in the case of a proposed reorganization between a county and a municipality, the reorganization committee shall include in the reorganization plan the percentage of voters voting on the public question regarding the proposed reorganization who must vote in favor of the proposed reorganization, on a county-wide basis, for the public question to be approved (the "county-wide vote approval percentage"). Provides that if the legislative bodies agree that the public question shall include a rejection threshold, the reorganization committee shall determine that rejection threshold percentage. Specifies that the rejection threshold must be the same for each municipality that is a party to the proposed reorganization and to the county that is a party to the proposed reorganization. Provides that in the case of a

proposed reorganization between a county and a municipality, the reorganization is approved only if: (1) the percentage of voters voting on the public question who vote, on a county-wide basis, in favor of the proposed reorganization is at least equal to the county-wide vote approval percentage included in reorganization plan; and (2) if the legislative bodies have agreed to include a rejection threshold, the percentage of voters of the county (excluding the voters of the reorganizing municipalities) voting on the public question who vote against the reorganization is less than a rejection threshold specified in the final reorganization plan and the percentage of voters of each reorganizing municipality voting on the public question who vote against the reorganization is less than the rejection threshold specified in the final reorganization plan. Requires the department of local government finance to adjust the maximum property tax levies, maximum property tax rates, and budgets of political subdivisions that reorganize. Provides that: (1) indebtedness that was incurred by a political subdivision before the reorganization may not be imposed on taxpayers that were not responsible for payment of the indebtedness before the reorganization and must be paid by the taxpayers that were responsible for payment of the indebtedness before the reorganization; and (2) pension obligations existing as of the effective date of the reorganization may not be imposed on taxpayers that were not responsible for payment of the pension obligations before the reorganization and must be paid by the taxpayers that were responsible for payment of the pension obligations before the reorganization. Provides that when the reorganization is effective, all the participating political subdivisions except the remaining reorganized political subdivision cease to exist. Makes related changes. Establishes a procedure for political subdivisions to enter into cooperative agreements and provide for the transfer of functions of an employee or department of the political subdivision (including an elected office) to another employee or department of any political subdivision that has entered into the cooperative agreement. Provides that the cooperative agreements must be initiated and approved in the same manner that is set forth in the bill for the reorganization of political subdivisions. **(This conference committee report: (1) specifies that references to voters means those voters voting on a public question; (2) deletes the current provisions in the bill that provide different methods for approval of a proposed reorganization between a county and a municipality, depending on the size of the county; (3) adds language providing that in the case of a proposed reorganization between a county and a municipality, the reorganizing political subdivisions must agree on whether the public question on the proposed reorganization shall be conducted on a county-wide basis, without a rejection threshold, or conducted on a county-wide basis, with a rejection threshold; (4) adds the provision specifying that in the case of a proposed reorganization between a county and a municipality, the reorganization committee shall include in the reorganization plan the percentage of voters voting on the public question regarding the proposed reorganization who must vote in favor of the proposed reorganization, on a county-wide basis, for the public question to be approved (the "county-wide vote approval percentage"); (5) adds the provision specifying that if the legislative bodies agree that the public question shall include a rejection threshold, the reorganization committee shall determine that rejection threshold; (6) adds the provisions specifying that in the case of a proposed reorganization between a county and a municipality, the reorganization is approved only if: (a) the percentage of voters voting on the public question who vote in favor of the proposed reorganization is at least equal to the county-wide vote approval percentage; and (b) if the legislative bodies have agreed to include a rejection threshold, the percentage of voters of the county (excluding the voters of the reorganizing municipalities) voting on the public question who vote against the reorganization is less than a rejection threshold specified in the final reorganization plan and the percentage of voters of each reorganizing municipality voting on the public question who vote against the reorganization is less than the rejection threshold specified in the final reorganization plan; (7) specifies that in the circumstances where 10% of the voters of a political subdivision may submit a petition approving the plan of reorganization and requesting the public question to be held, notwithstanding the legislative body's disapproval of the plan of reorganization, the 10% threshold is judged against the vote cast in the political subdivision for secretary of state at the most recent**

**general election; and (8) deletes duplicate text, removes an incorrect cross reference, and corrects a reference to the initial plan of reorganization.)**

**Effective:** Upon passage.

# CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1362 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 36-1-2-4 IS AMENDED TO READ AS FOLLOWS
- 3 [EFFECTIVE UPON PASSAGE]: Sec. 4. "Clerk" means:
- 4 (1) clerk of the circuit court, for a county;
- 5 (2) county auditor, for a board of county commissioners or county
- 6 council;
- 7 (3) clerk of the city-county council, for a consolidated city;
- 8 (4) city clerk, for a second class city;
- 9 (5) clerk-treasurer, for a third class city; **or**
- 10 (6) clerk-treasurer, for a town; **or**
- 11 **(7) chief executive officer of a political subdivision not**
- 12 **described in subdivisions (1) through (6).**
- 13 SECTION 2. IC 36-1-2-6 IS AMENDED TO READ AS FOLLOWS
- 14 [EFFECTIVE UPON PASSAGE]: Sec. 6. "Fiscal body" means:
- 15 (1) county council, for a county not having a consolidated city;
- 16 (2) city-county council, for a consolidated city or county having a
- 17 consolidated city;
- 18 (3) common council, for a city other than a consolidated city;
- 19 (4) town council, for a town;
- 20 (5) township board, for a township; **or**
- 21 (6) governing body or budget approval body, for any other political

1 subdivision **that has a governing body or budget approval**  
 2 **body; or**

3 **(7) chief executive officer of any other political subdivision that**  
 4 **does not have a governing body or budget approval body.**

5 SECTION 3. IC 36-1-2-9 IS AMENDED TO READ AS FOLLOWS  
 6 [EFFECTIVE UPON PASSAGE]: Sec. 9. "Legislative body" means  
 7 **the:**

8 (1) board of county commissioners, for a county not subject to  
 9 IC 36-2-3.5 or IC 36-3-1;

10 (2) county council, for a county subject to IC 36-2-3.5;

11 (3) city-county council, for a consolidated city or county having a  
 12 consolidated city;

13 (4) common council, for a city other than a consolidated city;

14 (5) town council, for a town; ~~or~~

15 (6) township board, for a township;

16 **(7) governing body of any other political subdivision that has**  
 17 **a governing body; or**

18 **(8) chief executive officer of any other political subdivision that**  
 19 **does not have a governing body.**

20 SECTION 4. IC 36-1.5 IS ADDED TO THE INDIANA CODE AS  
 21 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON  
 22 PASSAGE]:

## 23 **ARTICLE 1.5. GOVERNMENT MODERNIZATION**

### 24 **Chapter 1. General Provisions**

#### 25 **Sec. 1. The purpose of this article is to do the following:**

26 **(1) Grant broad powers to enable political subdivisions to**  
 27 **operate more efficiently by eliminating restrictions under**  
 28 **existing law that:**

29 **(A) impede the economy of operation of;**

30 **(B) interfere with the ease of administration of;**

31 **(C) inhibit cooperation among; and**

32 **(D) thwart better government by;**

33 **political subdivisions.**

34 **(2) Encourage efficiency by and cooperation among political**  
 35 **subdivisions to:**

36 **(A) reduce reliance on property taxes; and**

37 **(B) enhance the ability of political subdivisions to provide**  
 38 **critical and necessary services.**

39 **(3) Strengthen the financial condition of state government.**

40 **Sec. 2. This article contains full and complete authority for the**  
 41 **following:**

42 **(1) Reorganization of political subdivisions.**

43 **(2) Exercise of governmental functions under a cooperative**  
 44 **agreement under this article.**

45 **(3) Transfer of responsibilities between offices and officers**  
 46 **under this article.**

47 **Sec. 3. Except as provided in this article, no law, procedure,**  
 48 **proceedings, publications, notices, consents, approvals, orders, or**  
 49 **acts by a political subdivision or any officer, department, agency,**

1 or instrumentality of the state or a political subdivision is required  
2 for political subdivisions to:

- 3 (1) reorganize;
- 4 (2) enter into or exercise governmental functions under a  
5 cooperative agreement; or
- 6 (3) transfer responsibilities between offices and officers;

7 under this article.

8 **Sec. 4.** A political subdivision may exercise the powers granted  
9 under this article to reorganize or enter into cooperative  
10 agreements without complying with the provisions of any other  
11 law, statute, or rule.

12 **Sec. 5.** This article shall be liberally construed to effect the  
13 purposes of this article.

14 **Sec. 6.** Except as otherwise specifically provided by law, to the  
15 extent the provisions of this article are inconsistent with the  
16 provisions of any other general, special, or local law, the provisions  
17 of this article are controlling, and compliance with this article shall  
18 be treated as compliance with the conflicting law.

19 **Sec. 7.** This article does not prohibit the:

- 20 (1) reorganization of one (1) or more political subdivisions;
- 21 (2) exercise of governmental functions under an interlocal  
22 cooperation agreement or a cooperative agreement; or
- 23 (3) transfer of responsibilities between offices and officers;

24 under another law that is not included in this article.

25 **Sec. 8.** More than one (1) resolution permitted under this article  
26 may be consolidated into a combined resolution.

27 **Sec. 9.** Political subdivisions and reorganization committees  
28 acting under this article are subject to IC 5-14-1.5 (open door law)  
29 and IC 5-14-3 (public records law).

## 30 Chapter 2. Definitions

31 **Sec. 1.** Except as provided in section 4 of this chapter, the  
32 definitions in IC 3-5-2 and IC 36-1-2 apply throughout this article.

33 **Sec. 2.** The definitions in this chapter apply throughout this  
34 article.

35 **Sec. 3.** "Plan of reorganization" refers to a plan of  
36 reorganization approved by the legislative body of each  
37 reorganizing political subdivision under this article.

38 **Sec. 4.** "Political subdivision" has the meaning set forth in  
39 IC 36-1-2, except that the term does not include a local hospital  
40 authority or corporation.

41 **Sec. 5.** "Reorganization" means a change in the structure or  
42 administration of a political subdivision described in IC 36-1.5-4-3  
43 and IC 36-1.5-4-4.

44 **Sec. 6.** "Reorganization committee" refers to a committee  
45 established under this article to assist reorganizing political  
46 subdivisions with developing a plan of reorganization.

47 **Sec. 7.** "Reorganized political subdivision" means the political  
48 subdivision that is the successor to the reorganizing political  
49 subdivisions participating in a reorganization.

1       **Sec. 8. "Reorganizing political subdivision" refers to a political**  
 2 **subdivision in which:**

- 3       **(1) a resolution has been adopted under IC 36-1.5-4-10; or**  
 4       **(2) a petition has been filed under IC 36-1.5-4-11.**

5       **Chapter 3. Adjustment of Maximum Permissible Levies, Tax**  
 6 **Rates, and Budgets**

7       **Sec. 1. A certified copy of an ordinance or a resolution, including**  
 8 **any incorporated agreement, that is adopted under this article**  
 9 **must be submitted to the department of local government finance.**

10       **Sec. 2. The department of local government finance may take an**  
 11 **action under this chapter in the manner prescribed by the**  
 12 **department of local government finance in its rules adopted under**  
 13 **IC 4-22-2.**

14       **Sec. 3. A political subdivision may petition for judicial review of**  
 15 **a final determination of the department of local government**  
 16 **finance under this chapter. The petition must be filed in the tax**  
 17 **court not more than forty-five (45) days after the department of**  
 18 **local government finance enters its order under this chapter.**

19       **Sec. 4. Subject to this chapter, the department of local**  
 20 **government finance shall adjust the maximum permissible**  
 21 **property tax levies, maximum permissible property tax rates, and**  
 22 **budgets of political subdivisions that enter into a reorganization**  
 23 **under this article as the department of local government finance**  
 24 **determines necessary to do the following:**

25       **(1) Eliminate double taxation by different political subdivisions**  
 26 **for services or goods provided under this article.**

27       **(2) Eliminate any excess by which the amount of property taxes**  
 28 **imposed by a political subdivision exceeds the amount**  
 29 **necessary to pay for services or goods provided under this**  
 30 **article.**

31       **(3) Restore taxing powers of a political subdivision after the**  
 32 **termination of a reorganization under this article that are**  
 33 **necessary to fund governmental services to the individuals and**  
 34 **entities served by the political subdivision.**

35       **(4) Restore taxing powers of a political subdivision after the**  
 36 **withdrawal of a party from a reorganization under this article**  
 37 **that are necessary to fund governmental services to the**  
 38 **individuals and entities served by the political subdivision.**

39       **Sec. 5. The department shall establish a formula for adjusting**  
 40 **maximum permissible property tax levies, maximum permissible**  
 41 **property tax rates, and budgets under this chapter that permits a**  
 42 **political subdivision (or a successor political subdivision) that**  
 43 **realizes a:**

44       **(1) savings to its taxpayers; or**

45       **(2) reduction in the reasonably foreseeable expenses that would**  
 46 **otherwise be incurred by its taxpayers;**

47 **through a reorganization under this article to continue to levy part**  
 48 **of the realized savings or reduction. The adjustment under this**  
 49 **section may not exceed fifty percent (50%) of the savings or**

1 reduction realized in the first full year of operation after the  
 2 reorganization is implemented, as determined by the department  
 3 of local government finance.

4 **Chapter 4. Reorganization by Referendum**

5 **Sec. 1. (a) Any of the following may reorganize under this**  
 6 **chapter:**

7 (1) Two (2) or more counties. A county reorganizing under this  
 8 subdivision must be adjacent to at least one (1) other county  
 9 participating in the reorganization.

10 (2) Two (2) or more townships located entirely within the same  
 11 county. A township reorganizing under this subdivision must  
 12 be adjacent to at least one (1) other township participating in  
 13 the reorganization.

14 (3) Two (2) or more municipalities. A municipality  
 15 reorganizing under this subdivision must be adjacent to at least  
 16 one (1) other municipality participating in the reorganization.

17 (4) Two (2) or more school corporations. A school corporation  
 18 reorganizing under this subdivision must be adjacent to at least  
 19 one (1) other school corporation participating in the  
 20 reorganization.

21 (5) Two (2) or more municipal corporations, other than a unit  
 22 or a school corporation, that have substantially equivalent  
 23 powers. A municipal corporation reorganizing under this  
 24 subdivision must be adjacent to at least one (1) other municipal  
 25 corporation participating in the reorganization.

26 (6) Two (2) or more special taxing districts that are adjacent  
 27 to at least one (1) other special taxing district participating in  
 28 the reorganization.

29 (7) A township and a municipality that is located in any part of  
 30 the same township.

31 (8) A county and one (1) or more townships that are located in  
 32 the county.

33 (9) A municipality and a county that does not contain a  
 34 consolidated city.

35 (10) A school corporation and a county or municipality in  
 36 which a majority of the students of the school corporation have  
 37 legal settlement (as defined by IC 20-18-2-11).

38 (11) A municipal corporation, other than a unit or a school  
 39 corporation, and a county or municipality in which a majority  
 40 of the population of the municipal corporation resides.

41 (b) If a political subdivision reorganizes under this article with  
 42 one (1) or more other political subdivisions:

43 (1) any political subdivisions that did not participate in the  
 44 public question on the reorganization are not reorganized  
 45 under this article;

46 (2) the reorganization affects only those political subdivisions  
 47 in which the reorganization is approved as specified in this  
 48 article; and

49 (3) the reorganization does not affect the rights, powers, and



1           duties of any political subdivisions in the county in which the  
2           reorganization is not approved as specified in this article.

3           **Sec. 2.** For purposes of this chapter, two (2) political subdivisions  
4           may not be treated as adjacent if the political subdivisions are  
5           connected by a strip of land that is less than one hundred fifty (150)  
6           feet wide.

7           **Sec. 3.** Political subdivisions described in section 1 of this chapter  
8           may participate under this chapter in any of the following types of  
9           reorganization:

10           (1) Consolidation of the participating political subdivisions into  
11           a single new political subdivision.

12           (2) Consolidation of the participating political subdivisions into  
13           one (1) of the participating political subdivisions.

14           **Sec. 4.** As part of a reorganization in a finally approved plan of  
15           reorganization, one (1) or more of the reorganizing political  
16           subdivisions or the reorganized political subdivision may do the  
17           following:

18           (1) Adjust any of its boundaries.

19           (2) Establish a joint service area with another political  
20           subdivision.

21           (3) Transfer the functions of an office to another office.

22           (4) Provide for a legislative body, an executive, or a fiscal body  
23           of the reorganized political subdivision to exercise the powers  
24           of a legislative body, an executive, or a fiscal body of a  
25           reorganizing political subdivision.

26           (5) Change the name of the political subdivision or select a new  
27           name.

28           **Sec. 5.** (a) Except as provided in subsection (b), a reorganization  
29           approved under this chapter takes effect when all of the following  
30           have occurred:

31           (1) The later of:

32           (A) the date that a copy of a joint certification from the  
33           county election board in each county in which reorganizing  
34           political subdivisions are located that indicates that:

35           (i) the reorganization has been approved by the voters of  
36           each reorganizing political subdivision; or

37           (ii) in the case of a reorganization described in section  
38           1(a)(9) of this chapter, the reorganization has been  
39           approved as set forth in section 32(b) of this chapter;

40           is recorded as required by section 31 of this chapter; or

41           (B) the date specified in the finally adopted plan of  
42           reorganization.

43           (2) The appointed or elected officers of the reorganized  
44           political subdivision are elected (as prescribed by section 36 of  
45           this chapter) or appointed and qualified, if:

46           (A) the reorganized political subdivision is a new political  
47           subdivision and reorganizing political subdivisions are not  
48           being consolidated into one (1) of the reorganizing political  
49           subdivisions;

1           **(B) the reorganized political subdivision will have different**  
 2           **boundaries than any of the reorganizing political**  
 3           **subdivisions;**

4           **(C) the reorganized political subdivision will have different**  
 5           **appointment or election districts than any of the**  
 6           **reorganizing political subdivisions; or**

7           **(D) the finally adopted plan of reorganization requires new**  
 8           **appointed or elected officers before the reorganization**  
 9           **becomes effective.**

10           **(b) A reorganization approved under this chapter may not take**  
 11           **effect during the year preceding a year in which a federal decennial**  
 12           **census is conducted. A consolidation that would otherwise take**  
 13           **effect during the year preceding a year in which a federal decennial**  
 14           **census is conducted takes effect January 2 of the year in which a**  
 15           **federal decennial census is conducted.**

16           **Sec. 6. When a reorganization under this chapter is effective:**

17           **(1) all of the participating political subdivisions, except the**  
 18           **reorganized political subdivision, cease to exist;**

19           **(2) unless the plan of reorganization provides for the**  
 20           **continuation of the term of office, the term of each of the**  
 21           **elected offices of each of the reorganizing political subdivisions**  
 22           **is terminated;**

23           **(3) if the plan of reorganization transfers the responsibilities of**  
 24           **any office to another office, the office from which the**  
 25           **responsibilities were transferred is abolished;**

26           **(4) the executives, legislative bodies, and fiscal bodies of the**  
 27           **reorganizing political subdivisions (other than any**  
 28           **reorganizing political subdivision that is treated under the plan**  
 29           **of reorganization as the successor reorganized political**  
 30           **subdivision) are abolished, and the responsibilities of the**  
 31           **executives, legislative bodies, and fiscal bodies are transferred**  
 32           **to the executive, legislative body, and fiscal body of the**  
 33           **reorganized political subdivision; and**

34           **(5) the property and liabilities of the reorganizing political**  
 35           **subdivisions become the property and liabilities of the**  
 36           **reorganized political subdivision, subject to section 40 of this**  
 37           **chapter.**

38           **Sec. 7. In the year before the year in which the participating**  
 39           **political subdivisions are reorganized under this chapter:**

40           **(1) the fiscal bodies of the reorganizing political subdivisions**  
 41           **shall, in the manner provided by IC 6-1.1-17, adopt tax levies,**  
 42           **tax rates, and a budget for the reorganized political**  
 43           **subdivision either through the adoption of substantially**  
 44           **identical resolutions adopted by each of the fiscal bodies or, if**  
 45           **authorized in the plan of reorganization, through a joint board**  
 46           **established under an agreement of the fiscal bodies on which**  
 47           **the members of each of the fiscal bodies are represented; and**

48           **(2) if the reorganized political subdivision will have elected**  
 49           **offices and different election districts than any of the**

1 reorganizing political subdivisions, the legislative bodies of the  
 2 reorganizing political subdivisions shall establish the election  
 3 districts either through the adoption of substantially identical  
 4 resolutions adopted by each of the legislative bodies or, if  
 5 authorized in the plan of reorganization, through a joint board  
 6 established under an agreement of the legislative bodies on  
 7 which the members of each of the legislative bodies are  
 8 represented.

9 **Sec. 8.** The department of local government finance may  
 10 prescribe forms for petitions, resolutions, certifications, and other  
 11 writings required under this chapter. A petition, resolution,  
 12 certification, or other writing related to a reorganization must be  
 13 substantially in the form prescribed by the department of local  
 14 government finance.

15 **Sec. 9.** A reorganization may be initiated by:

- 16 (1) adopting a resolution under section 10 of this chapter; or
- 17 (2) filing a petition under section 11 of this chapter.

18 **Sec. 10. (a)** The legislative body of a political subdivision may  
 19 initiate a proposed reorganization under this chapter by adopting  
 20 a resolution that:

- 21 (1) proposes a reorganization;
- 22 (2) names the political subdivisions that would be reorganized
- 23 in the proposed reorganization; and
- 24 (3) only in the case of a proposed reorganization described in
- 25 section 1(a)(9) of this chapter, states whether the vote on the
- 26 public question regarding the reorganization shall be:
  - 27 (A) conducted on a countywide basis under section 30(b) of
  - 28 this chapter, without a rejection threshold; or
  - 29 (B) conducted on a countywide basis under section 30(b) of
  - 30 this chapter, with a rejection threshold.

31 (b) The clerk of the political subdivision adopting the resolution  
 32 shall certify the resolution to the clerk of each political subdivision  
 33 named in the resolution.

34 **Sec. 11. (a)** The voters of a political subdivision may initiate a  
 35 proposed reorganization by filing a written petition, substantially  
 36 in the form prescribed by the department, with the clerk of the  
 37 political subdivision that:

- 38 (1) proposes a reorganization; and
- 39 (2) names the political subdivisions that would be reorganized
- 40 in the proposed reorganization.

41 (b) If the written petition is signed by at least five percent (5%)  
 42 of the voters of the political subdivision, as determined by the vote  
 43 cast in the political subdivision for secretary of state at the most  
 44 recent general election, the clerk of the political subdivision shall  
 45 certify the petition to the legislative body of the political  
 46 subdivision.

47 **Sec. 12. (a)** If a petition is certified to the legislative body of a  
 48 political subdivision under section 11 of this chapter, the legislative  
 49 body shall conduct a public hearing on the proposed

1 reorganization not sooner than five (5) days after publishing a  
 2 notice of the public hearing under IC 5-3-1. Not more than thirty  
 3 (30) days after the conclusion of the public hearing the legislative  
 4 body shall adopt a resolution, substantially in the form prescribed  
 5 by the department of local government finance, to do any of the  
 6 following:

7 (1) Decline to participate in the proposed reorganization.

8 (2) Propose a reorganization with the political subdivisions  
 9 named in the petition.

10 (3) Propose a reorganization with political subdivisions that  
 11 differ in part or in whole from the political subdivisions named  
 12 in the petition.

13 (b) In the case of a resolution adopted under this section  
 14 proposing a reorganization described in section 1(a)(9) of this  
 15 chapter, the resolution must also state whether the vote on the  
 16 public question regarding the reorganization shall be:

17 (1) conducted on a countywide basis under section 30(b) of this  
 18 chapter, without a rejection threshold; or

19 (2) conducted on a countywide basis under section 30(b) of this  
 20 chapter, with a rejection threshold.

21 (c) The clerk of the political subdivision adopting a resolution  
 22 proposing a reorganization under this section shall certify the  
 23 resolution to the clerk of each political subdivision named in the  
 24 resolution.

25 **Sec. 13. (a)** The legislative body of a political subdivision that  
 26 receives a certified resolution under section 10 or 12 of this chapter  
 27 may do any of the following:

28 (1) Adopt a resolution declining to participate in a proposed  
 29 reorganization.

30 (2) Adopt a substantially identical resolution proposing to  
 31 participate in a proposed reorganization with the political  
 32 subdivisions named in a resolution certified to the political  
 33 subdivision.

34 (3) Adopt a resolution proposing to participate in a proposed  
 35 reorganization with political subdivisions that differ in part or  
 36 in whole from the political subdivisions named in a resolution  
 37 certified to the political subdivision.

38 (b) In the case of a resolution adopted under this section  
 39 proposing to participate in a proposed reorganization described in  
 40 section 1(a)(9) of this chapter, the resolution must also state  
 41 whether the vote on the public question regarding the  
 42 reorganization shall be:

43 (1) conducted on a countywide basis under section 30(b) of this  
 44 chapter, without a rejection threshold; or

45 (2) conducted on a countywide basis under section 30(b) of this  
 46 chapter, with a rejection threshold.

47 (c) The clerk of the political subdivision adopting a resolution  
 48 proposing a reorganization under this section shall certify the  
 49 resolution to the clerk of each political subdivision named in the

1 resolution.

2 **Sec. 14. The legislative body of a political subdivision may revise**  
3 **a resolution certified under section 10, 12, or 13 of this chapter by**  
4 **adding or deleting proposed parties to the reorganization until all**  
5 **of the political subdivisions named in the resolution have adopted**  
6 **substantially identical reorganization resolutions.**

7 **Sec. 15. Not later than thirty (30) days after the clerk of the last**  
8 **political subdivision to adopt a reorganization resolution under this**  
9 **chapter has certified the substantially identical resolution to all of**  
10 **the political subdivisions named in the resolution, the reorganizing**  
11 **political subdivisions shall appoint the number of individuals**  
12 **specified in section 16 of this chapter to serve on a reorganization**  
13 **committee to develop a plan of reorganization for the reorganizing**  
14 **political subdivisions.**

15 **Sec. 16. (a) Members shall be appointed to a reorganization**  
16 **committee as follows:**

17 (1) **In accordance with an agreement adopted by the**  
18 **reorganizing political subdivisions. An agreement under this**  
19 **subdivision must provide that not more than a simple majority**  
20 **of the members appointed by each political subdivision may be**  
21 **members of the same political party.**

22 (2) **If an agreement does not provide for the membership of a**  
23 **reorganization committee under this chapter, three (3)**  
24 **members shall be appointed by the executive of each political**  
25 **subdivision participating in the reorganization. Not more than**  
26 **two (2) of the members appointed by an executive of a political**  
27 **subdivision may be members of the same political party.**

28 (b) **The members of a reorganization committee serve at the**  
29 **pleasure of the appointing authority. The reorganization committee**  
30 **shall select a chairperson and any other officers that the**  
31 **reorganization committee determines necessary from the members**  
32 **of the reorganization committee.**

33 (c) **The members of a reorganization committee serve without**  
34 **compensation. The members, however, are entitled to**  
35 **reimbursement from the reorganizing political subdivisions for the**  
36 **necessary expenses incurred in the performance of their duties.**

37 (d) **The reorganizing political subdivisions shall provide**  
38 **necessary office space, supplies, and staff to the reorganization**  
39 **committee. The reorganizing political subdivisions may employ**  
40 **attorneys, accountants, consultants, and other professionals for the**  
41 **reorganization committee.**

42 (e) **Except as otherwise provided in an agreement adopted by the**  
43 **reorganizing political subdivisions, claims for expenditures for the**  
44 **reorganization committee shall be made to the fiscal officer for the**  
45 **reorganizing political subdivision with the largest population. The**  
46 **fiscal officer shall pay the necessary expenditures and obtain**  
47 **reimbursement from the reorganizing political subdivisions:**

48 (1) **in accordance with an agreement adopted by the**  
49 **reorganizing political subdivisions; or**

1 (2) in the absence of an agreement, in proportion to the  
2 population of each reorganizing political subdivision.

3 **Sec. 17. A reorganization committee may do the following:**

4 (1) Adopt procedures governing the internal management of  
5 the reorganization committee.

6 (2) Conduct public hearings on the plan of reorganization as  
7 the reorganization committee determines necessary or  
8 appropriate.

9 (3) Review the books and records of any reorganizing political  
10 subdivision.

11 (4) Administer oaths.

12 (5) Issue and enforce subpoenas and discovery orders under  
13 IC 4-21.5.

14 **Sec. 18. (a) A reorganization committee shall prepare a**  
15 **comprehensive plan of reorganization for the reorganizing political**  
16 **subdivisions. The plan of reorganization governs the actions,**  
17 **duties, and powers of the reorganized political subdivision that are**  
18 **not specified by law.**

19 **(b) The plan of reorganization must include at least the following:**

20 (1) The name and a description of the reorganized political  
21 subdivision that will succeed the reorganizing political  
22 subdivisions.

23 (2) A description of the boundaries of the reorganized political  
24 subdivision.

25 (3) Subject to section 40 of this chapter, a description of the  
26 taxing areas in which taxes to retire obligations of the  
27 reorganizing political subdivisions will be imposed.

28 (4) A description of the membership of the legislative body,  
29 fiscal body, and executive of the reorganized political  
30 subdivision, a description of the election districts or  
31 appointment districts from which officers will be elected or  
32 appointed, and the manner in which the membership of each  
33 elected or appointed office will be elected or appointed.

34 (5) A description of the services to be offered by the  
35 reorganized political subdivision and the service areas in which  
36 the services will be offered.

37 (6) The disposition of the personnel, the agreements, the assets,  
38 and, subject to section 40 of this chapter, the liabilities of the  
39 reorganizing political subdivisions, including the terms and  
40 conditions upon which the transfer of property and personnel  
41 will be achieved.

42 (7) Any other matter that the:

43 (A) reorganization committee determines to be necessary or  
44 appropriate; or

45 (B) legislative bodies of the reorganizing political  
46 subdivisions require the reorganization committee;  
47 to include in the plan of reorganization.

48 (8) In the case of a reorganization described in section 1(a)(9)  
49 of this chapter, if the legislative bodies of the reorganizing

1 political subdivisions have specified that the vote on the public  
2 question regarding the reorganization shall be conducted on a  
3 countywide basis under section 30(b) of this chapter with a  
4 rejection threshold, the reorganization committee shall include  
5 in the reorganization plan a rejection threshold, specified as a  
6 percentage, that applies for purposes of section 32(b) of this  
7 chapter. The rejection threshold must be the same for each  
8 municipality that is a party to the proposed reorganization and  
9 to the county that is a party to the proposed reorganization.

10 (9) In the case of a reorganization described in section 1(a)(9)  
11 of this chapter, the reorganization committee shall determine  
12 and include in the reorganization plan the percentage of voters  
13 voting on the public question regarding the proposed  
14 reorganization who must vote, on a countywide basis, in favor  
15 of the proposed reorganization for the public question to be  
16 approved. This percentage is referred to in this chapter as the  
17 "countywide vote approval percentage". The countywide vote  
18 approval percentage must be greater than fifty percent (50%).

19 (c) In the case of a reorganization described in section 1(a)(9) of  
20 this chapter, the reorganization committee may not change the  
21 decision of the legislative bodies of the reorganizing political  
22 subdivisions regarding whether the vote on the public question  
23 regarding the reorganization shall be conducted on a countywide  
24 basis without a rejection threshold or with a rejection threshold.

25 (d) Upon completion of the plan of reorganization, the  
26 reorganization committee shall present the plan of reorganization  
27 to the legislative body of each of the reorganizing political  
28 subdivisions for adoption. The initial plan of reorganization must  
29 be submitted to the legislative body of each of the reorganizing  
30 political subdivisions not later than one (1) year after the clerk of  
31 the last political subdivision that adopts a reorganization  
32 resolution under this chapter has certified the resolution to all of  
33 the political subdivisions named in the resolution.

34 Sec. 19. The legislative body of each of the reorganizing political  
35 subdivisions shall provide for the following:

36 (1) Consideration of a plan of reorganization presented by a  
37 reorganization committee in the form of a resolution  
38 incorporating the plan of reorganization in full or by reference.

39 (2) Reading of the resolution incorporating the plan of  
40 reorganization in at least two (2) separate meetings of the  
41 legislative body of the political subdivision.

42 (3) Conducting a public hearing on the plan of reorganization:

43 (A) not sooner than five (5) days after notice of the public  
44 hearing is published under IC 5-3-1; and

45 (B) before the legislative body takes final action on the  
46 resolution to adopt the plan of reorganization.

47 Sec. 20. At a public hearing on a plan of reorganization  
48 conducted under section 19 of this chapter, or in a public meeting  
49 held not more than thirty (30) days after the public hearing

1 concludes, a legislative body of a reorganizing political subdivision  
2 shall do one (1) of the following:

3 (1) Adopt the plan of reorganization as presented to the  
4 legislative body.

5 (2) Adopt the plan of reorganization with modifications.

6 (3) Reject the plan of reorganization and order a  
7 reorganization committee to submit a new plan of  
8 reorganization within thirty (30) days after the legislative body  
9 rejects the plan of reorganization.

10 Sec. 21. Any modifications in a plan of reorganization that are  
11 adopted by a legislative body of a reorganizing political  
12 subdivision must be adopted by the legislative body of each of the  
13 reorganizing political subdivisions before the modifications are  
14 effective.

15 Sec. 22. The legislative body of each reorganizing political  
16 subdivision shall take any of the actions described in section 20 of  
17 this chapter on a revised plan of reorganization submitted by a  
18 reorganization committee and each resolution modifying a plan of  
19 reorganization or revised plan of reorganization in the same  
20 manner as the legislative body may take action on the initially  
21 submitted plan of reorganization.

22 Sec. 23. The legislative body of a reorganizing political  
23 subdivision shall certify the legislative body's final action on a plan  
24 of reorganization or revised plan of reorganization, as modified by  
25 the legislative body, in the manner prescribed by the department  
26 of local government finance, to the following:

27 (1) The chair of the reorganization committee.

28 (2) The clerk of each reorganizing political subdivision.

29 (3) The county fiscal officer of each county in which a  
30 reorganizing political subdivision is located.

31 (4) The county recorder of each county in which a reorganizing  
32 political subdivision is located.

33 Sec. 23.5. The following apply if the legislative bodies of all  
34 political subdivisions that have been presented with a plan of  
35 reorganization under section 18(d) of this chapter have not  
36 adopted a plan of reorganization, either as presented by the  
37 reorganization committee or as modified by all of the political  
38 subdivisions, within one (1) year after the initial plan of  
39 reorganization is presented:

40 (1) Not later than one (1) month after the end of the one (1)  
41 year period in which the legislative bodies must adopt a plan  
42 of reorganization, the reorganization committee shall submit  
43 a final plan of reorganization to the legislative bodies of the  
44 political subdivisions.

45 (2) Not later than one (1) month after receiving the final plan  
46 of reorganization under subdivision (1), each of the legislative  
47 bodies must:

48 (A) hold a hearing on the final plan of reorganization; and

49 (B) adopt either a resolution approving the final plan of



1 reorganization or a resolution rejecting the final plan of  
2 reorganization.

3 If a legislative body does not adopt a resolution under this  
4 subdivision within the one (1) month period, the failure to  
5 adopt a resolution is considered to be an approval of the final  
6 plan of reorganization.

7 (3) If a legislative body adopts a resolution approving the final  
8 plan of reorganization, the legislative body shall certify its  
9 approval under section 23 of this chapter.

10 (4) If any of the legislative bodies adopts a resolution rejecting  
11 the final plan of reorganization, the registered voters of a  
12 political subdivision in which the final plan of reorganization  
13 was rejected by a legislative body under subdivision (2) may  
14 submit a petition to the clerk of the circuit court approving the  
15 final plan of reorganization and requesting that a public  
16 question be held on the final plan of reorganization. The  
17 petition must be submitted not later than one hundred eighty  
18 (180) days after the legislative body voted to reject the final  
19 plan of reorganization. If the petition is signed by at least ten  
20 percent (10%) of the voters of the political subdivision, as  
21 determined by the vote cast in the political subdivision for  
22 secretary of state at the most recent general election:

23 (A) the political subdivision is considered to have approved  
24 the holding of the public question on the final plan of  
25 reorganization, notwithstanding the vote by the legislative  
26 body rejecting the final plan of reorganization; and

27 (B) the clerk of the circuit court shall certify approval of the  
28 final plan of the reorganization and the holding of the public  
29 question in the manner specified in section 23 of this chapter.

30 **Sec. 24.** The legislative body of the reorganizing political  
31 subdivision with the largest population shall provide for a certified  
32 copy of the plan of reorganization to be filed with each of the  
33 following at the same time certifications are made under section 23  
34 of this chapter:

35 (1) The county recorder of each county in which a reorganizing  
36 political subdivision is located.

37 (2) The department of local government finance.

38 (3) If any of the reorganizing political subdivisions is a school  
39 corporation, the department of education.

40 (4) If the plan of reorganization changes any election district or  
41 abolishes an elected office, the clerk of the circuit court in each  
42 county affected by the election district or elected office.

43 **Sec. 25.** Each county recorder receiving a certification under  
44 section 23 of this chapter, either from the legislative body of a  
45 political subdivision or from a clerk of the circuit court after a  
46 petition process under section 23.5 of this chapter in a political  
47 subdivision, shall record the certification and the plan of  
48 reorganization in the records of the county recorder without  
49 charge.

1        **Sec. 26.** When a county recorder has received certifications  
 2 under this chapter from all of the reorganizing political  
 3 subdivisions, either from the legislative body of a political  
 4 subdivision or from a clerk of the circuit court after a petition  
 5 process under section 23.5 of this chapter in a political subdivision,  
 6 the county recorder shall notify the county election board of each  
 7 county in which a reorganizing political subdivision is located that  
 8 a public question on a plan of reorganization is eligible to be placed  
 9 on the ballot for consideration of the voters of each of the  
 10 reorganizing political subdivisions or (in the case of a  
 11 reorganization described in section 1(a)(9) of this chapter) for  
 12 consideration by the voters of the entire county.

13        **Sec. 27.** After the county recorder of each county in which  
 14 reorganizing political subdivisions are located has notified the  
 15 county election board that a public question on a plan of  
 16 reorganization is eligible to be placed on the ballot, the county  
 17 election board shall place the public question on the ballot in  
 18 accordance with IC 3-10-9 on the first regularly scheduled election  
 19 that will occur in all of the precincts of the reorganizing political  
 20 subdivisions at least sixty (60) days after the required notices are  
 21 received.

22        **Sec. 28.** A public question under this chapter shall be placed on  
 23 the ballot in all of the precincts that are located in the reorganizing  
 24 political subdivisions in substantially the following form:

25        "Shall \_\_\_\_\_ (insert name of political subdivision) and  
 26 \_\_\_\_\_ (insert name of political subdivision) reorganize as  
 27 a single political subdivision?".

28        **Sec. 29.** IC 3 applies to the election at which a public question  
 29 under this chapter is considered.

30        **Sec. 30.** (a) Except as provided in subsection (b), at the same time  
 31 that election results are certified under IC 3, the circuit court clerk  
 32 of each of the counties in which a public question under this  
 33 chapter is on the ballot shall jointly issue, in the form prescribed by  
 34 the state election board, a certificate declaring whether the public  
 35 question is approved or rejected by a majority of the voters voting  
 36 on the public question in each of the reorganizing political  
 37 subdivisions. In addition to any other requirements in IC 3  
 38 concerning filing of the certification, the certification shall be sent  
 39 to each of the following:

- 40        (1) The clerk of each of the reorganizing political subdivisions.
- 41        (2) The county auditor of each county in which a reorganizing  
 42 political subdivision is located.
- 43        (3) The county recorder of each county in which a reorganizing  
 44 political subdivision is located.
- 45        (4) The state board of accounts.
- 46        (5) The department of local government finance.
- 47        (6) The department of state revenue.
- 48        (7) The budget agency.
- 49        (8) If any of the reorganizing political subdivisions is a school

- 1           corporation, the department of education.
- 2           **(b) In the case of a public question on a reorganization described**  
3 **in section 1(a)(9) of this chapter:**
- 4           **(1) the public question on a plan of reorganization shall be**  
5 **placed on the ballot for consideration by the voters of the**  
6 **entire county;**
- 7           **(2) the vote on the public question by the voters of the entire**  
8 **county shall be tabulated;**
- 9           **(3) if the legislative bodies of the reorganizing political**  
10 **subdivisions have agreed that the vote on the public question**  
11 **shall be conducted with a rejection threshold, the vote on the**  
12 **public question by the voters of:**
- 13           **(A) each reorganizing municipality; and**  
14           **(B) the county (excluding the voters of the reorganizing**  
15 **municipalities);**
- 16           **shall be tabulated separately; and**
- 17           **(4) the circuit court clerk shall issue, in a form prescribed by**  
18 **the state election board, separate certificates regarding**  
19 **whether the public question is approved or rejected by the**  
20 **voters of:**
- 21           **(A) the entire county;**  
22           **(B) each reorganizing municipality (if the legislative bodies**  
23 **of the reorganizing political subdivisions have agreed that**  
24 **the vote on the public question shall be conducted with a**  
25 **rejection threshold); and**
- 26           **(C) the county, excluding the voters of the reorganizing**  
27 **municipalities (if the legislative bodies of the reorganizing**  
28 **political subdivisions have agreed that the vote on the public**  
29 **question shall be conducted with a rejection threshold);**  
30 **voting on the public question**
- 31           **Sec. 31. Each county recorder receiving a certification from a**  
32 **circuit court clerk under section 30 of this chapter shall file the**  
33 **certification without charge with the plan of reorganization**  
34 **recorded under section 25 of this chapter.**
- 35           **Sec. 32. (a) This subsection does not apply to a reorganization**  
36 **described in section 1(a)(9) of this chapter. A reorganization as**  
37 **specified in the plan of reorganization is approved if a majority of**  
38 **the voters in each reorganizing political subdivision voting on the**  
39 **public question approve the public question on the reorganization.**  
40 **The vote of voters of a reorganizing political subdivision (for**  
41 **example, a city) who also are voters in a second reorganizing**  
42 **political subdivision (for example, a township) that is**  
43 **geographically larger than the first political subdivision and that**  
44 **includes the territory of the first political subdivision shall be**  
45 **included only in the tally of votes for the first reorganizing political**  
46 **subdivision in which the voters reside.**
- 47           **(b) This subsection applies only to a reorganization described in**  
48 **section 1(a)(9) of this chapter. The reorganization is approved only**  
49 **if:**

1 (1) the percentage of voters voting on the public question who  
2 vote, on a countywide basis, in favor of the proposed  
3 reorganization is at least equal to the countywide vote  
4 approval percentage specified in the final reorganization plan;  
5 (2) if the legislative bodies of the reorganizing political  
6 subdivisions have agreed that the vote on the public question  
7 shall be conducted with a rejection threshold, the percentage  
8 of voters of the county (excluding the voters of the reorganizing  
9 municipalities) voting on the public question who vote against  
10 the reorganization is less than the rejection threshold included  
11 in the final reorganization plan; and  
12 (3) if the legislative bodies of the reorganizing political  
13 subdivisions have agreed that the vote on the public question  
14 shall be conducted with a rejection threshold, the percentage  
15 of voters of each reorganizing municipality voting on the public  
16 question who vote against the reorganization is less than the  
17 rejection threshold included in the final reorganization plan.

18 If the reorganization is not approved, the reorganization is  
19 terminated. If the legislative bodies of the reorganizing political  
20 subdivisions have agreed that the vote in the public question shall  
21 be conducted with a rejection threshold, then in tabulating the  
22 votes under subdivisions (2) and (3), the vote of voters of a  
23 reorganizing municipality who also are voters in the county shall  
24 be included only in the tally of votes for the municipality in which  
25 the voters reside.

26 Sec. 33. Except in the case of a reorganization described in  
27 section 1(a)(9) of this chapter, if a reorganization is not approved  
28 by the majority of the voters in each reorganizing political  
29 subdivision voting on the public question, the reorganization is  
30 terminated. A political subdivision in which voters of the political  
31 subdivision approved the reorganization may continue with a  
32 reorganization with another political subdivision in which the  
33 reorganization was approved only if a new plan of reorganization  
34 is approved by the voters of each political subdivision in the  
35 manner provided by this chapter. The reorganization committee  
36 shall adopt a plan to specify how matters related to the termination  
37 of the reorganization shall be handled.

38 Sec. 34. (a) This section applies if:

39 (1) in the case of a reorganization that is not described in  
40 section 1(a)(9) of this chapter, the majority of the voters of  
41 each of the reorganizing political subdivisions voting on the  
42 public question approve the public question concerning the  
43 reorganization; or  
44 (2) in the case of a reorganization described in section 1(a)(9)  
45 of this chapter, the reorganization is approved as set forth in  
46 section 32(b) of this chapter.

47 (b) The political subdivisions are reorganized in the form and  
48 under the conditions specified by the legislative bodies of the  
49 reorganizing political subdivisions in the plan of reorganization

- 1 filed with the county recorder under this chapter.
- 2 **Sec. 35. (a) This section applies to an initial election:**
- 3 (1) of the members of a governing body or officers that are
- 4 elected by the voters for a reorganized political subdivision
- 5 that:
- 6 (A) is a town; and
- 7 (B) has town boundaries that encompass part of another
- 8 town that was part of the reorganization;
- 9 (2) that is conducted before the reorganization takes effect; and
- 10 (3) to which IC 3-10-7-1 applies.
- 11 (b) The members of each precinct board shall be jointly
- 12 appointed by the town election boards of each of the reorganizing
- 13 political subdivisions.
- 14 **Sec. 36. (a) This section applies if section 5 of this chapter**
- 15 **requires an election for a reorganization to become effective.**
- 16 (b) At the next:
- 17 (1) general election, if the reorganized political subdivision is
- 18 not a municipality or a school corporation;
- 19 (2) municipal election, if the reorganized political subdivision
- 20 is a municipality; or
- 21 (3) primary or general election, as specified in an election plan
- 22 adopted in substantially identical resolutions by the legislative
- 23 body of each of the participating political subdivisions if the
- 24 reorganized political subdivision is a school corporation;
- 25 after the voters approve a reorganization, one (1) set of officers for
- 26 the reorganized political subdivision having the combined
- 27 population of the reorganizing political subdivisions shall be
- 28 elected by the voters in the territory of the reorganized political
- 29 subdivision as prescribed by statute.
- 30 (c) In the election described in subsection (b):
- 31 (1) one (1) member of the legislative body of the reorganized
- 32 political subdivision shall be elected from each election district
- 33 established by the reorganizing political subdivisions in
- 34 substantially identical resolutions adopted by the legislative
- 35 body of each of the reorganizing political subdivisions; and
- 36 (2) the total number of at large members shall be elected as
- 37 prescribed by statute for the reorganized political subdivision.
- 38 (d) If appointed officers are required in the reorganized political
- 39 subdivision, one (1) set of appointed officers shall be appointed for
- 40 the reorganized political subdivision. The appointments shall be
- 41 made as required by statute for the reorganized political
- 42 subdivision. Any statute requiring an appointed officer to reside in
- 43 the political subdivision where the appointed officer resides shall
- 44 be treated as permitting the appointed officer to reside in any part
- 45 of the territory of the reorganized political subdivision.
- 46 **Sec. 37. The legislative bodies of the reorganizing political**
- 47 **subdivisions and an adjacent political subdivision may change the**
- 48 **boundaries of the reorganized political subdivision by adopting**
- 49 **substantially identical resolutions clearly describing the boundary**

1 changes. The resolutions must be filed as required by law for a  
 2 boundary change for the reorganized political subdivision and may  
 3 not provide for a territory that is smaller than the territory  
 4 permitted by law for any of the political subdivisions. If the law  
 5 establishes additional procedures for the annexation or  
 6 disannexation of the territory of a political subdivision, the political  
 7 subdivisions changing boundaries must comply with the annexation  
 8 or disannexation procedures required by law.

9 **Sec. 38. A reorganized political subdivision has the powers**  
 10 **granted by statute to a political subdivision of the same type as the**  
 11 **reorganized political subdivision. However, if authorized by the**  
 12 **plan of reorganization approved by the voters in a public question**  
 13 **under this chapter, the reorganized political subdivision will**  
 14 **exercise a power or have the officers or number of offices that a**  
 15 **statute would have permitted any of the reorganizing political**  
 16 **subdivisions to have.**

17 **Sec. 39. If a law does not permit the reorganized political**  
 18 **subdivision to exercise generally throughout the territory of the**  
 19 **reorganized political subdivision a power that any of the**  
 20 **reorganizing political subdivisions had before the reorganization,**  
 21 **the reorganized political subdivision may exercise the power**  
 22 **outside the original territory of the reorganizing political**  
 23 **subdivision only by following the laws applicable to the expansion**  
 24 **of the service area of the reorganizing political subdivision.**

25 **Sec. 40. The following apply in the case of a reorganization under**  
 26 **this article:**

27 **(1) Indebtedness that was incurred by a political subdivision**  
 28 **before the reorganization:**

29 **(A) may not be imposed on taxpayers that were not**  
 30 **responsible for payment of the indebtedness before the**  
 31 **reorganization; and**

32 **(B) must be paid by the taxpayers that were responsible for**  
 33 **payment of the indebtedness before the reorganization.**

34 **(2) Pension obligations existing as of the effective date of the**  
 35 **reorganization:**

36 **(A) may not be imposed on taxpayers that were not**  
 37 **responsible for payment of the pension obligations before the**  
 38 **reorganization; and**

39 **(B) must be paid by the taxpayers that were responsible for**  
 40 **payment of the pension obligations before the reorganization.**

41 **Sec. 41. (a) Notwithstanding any other law, an individual:**

42 **(1) who is employed as a firefighter or a police officer by a**  
 43 **political subdivision that is reorganized under this article;**

44 **(2) who is a member of the 1977 fund before the effective date**  
 45 **of the reorganization under this article; and**

46 **(3) who, after the reorganization, becomes an employee of the**  
 47 **fire department, police department, or county police**  
 48 **department of the reorganized political subdivision;**

49 **remains a member of the 1977 fund without being required to meet**

1 the requirements under IC 36-8-8-19 and IC 36-8-8-21. The  
 2 firefighter or police officer shall receive credit for any service as a  
 3 member of the 1977 fund before the reorganization to determine  
 4 the firefighter's or police officer's eligibility for benefits under  
 5 IC 36-8-8.

6 (b) Notwithstanding any other law, an individual:

7 (1) who is employed as a firefighter by a political subdivision  
 8 that is reorganized under this article;

9 (2) who is a member of the 1937 fund before the effective date  
 10 of the reorganization under this article; and

11 (3) who, after the reorganization, becomes an employee of the  
 12 fire department of the reorganized political subdivision;

13 remains a member of the 1937 fund. The firefighter shall receive  
 14 credit for any service as a member of the 1937 fund before the  
 15 reorganization to determine the firefighter's eligibility for benefits  
 16 under IC 36-8-7.

17 (c) Notwithstanding any other law, an individual:

18 (1) who is employed as a member of a county police  
 19 department by a political subdivision that is reorganized under  
 20 this article;

21 (2) who is a member of the sheriff's pension trust before the  
 22 effective date of the reorganization under this article; and

23 (3) who, after the reorganization, becomes a law enforcement  
 24 officer of the reorganized political subdivision;

25 remains a member of the sheriff's pension trust. The individual  
 26 shall receive credit for any service as a member of the sheriff's  
 27 pension trust before the reorganization to determine the  
 28 individual's eligibility for benefits under IC 36-8-10.

29 (d) Notwithstanding any other law, an individual:

30 (1) who is employed as a police officer by a political  
 31 subdivision that is reorganized under this article;

32 (2) who is a member of the 1925 fund or 1953 fund before the  
 33 effective date of the reorganization under this article; and

34 (3) who, after the reorganization, becomes an employee of the  
 35 police department or county police department of the  
 36 reorganized political subdivision;

37 remains a member of the 1925 fund or 1953 fund. The police officer  
 38 shall receive credit for any service as a member of the 1925 fund or  
 39 1953 fund before the reorganization to determine the police  
 40 officer's eligibility for benefits under IC 36-8-6 or IC 36-8-7.5.

41 (e) Notwithstanding any other law, an individual:

42 (1) who is employed by a political subdivision that is  
 43 reorganized under this article;

44 (2) who is a member of the pre-1996 account (as defined in  
 45 IC 21-6.1-1-6.9) before the effective date of the reorganization  
 46 under this article; and

47 (3) who, after the reorganization, becomes an employee of the  
 48 reorganized political subdivision in a position that qualifies the  
 49 individual for service credit in the Indiana state teachers'

1 retirement fund;  
2 remains a member of the pre-1996 account.

3 Sec. 42. If the functions of an elected office are transferred to  
4 another elected office by a reorganization under this article, any  
5 law, rule, or agreement that requires or permits an action by an  
6 elected officer shall be treated after the functions of the elected  
7 officer are transferred as referring to the elected officer to which  
8 the functions have been transferred by the reorganization.

9 Sec. 43. The legislative body or voters of a reorganized political  
10 subdivision may terminate a reorganization or restore one (1) or  
11 more of the reorganizing political subdivisions participating in a  
12 reorganization in the same manner that a reorganization may be  
13 initiated under this chapter. If the voters in the reorganized  
14 political subdivision approve a public question approving  
15 termination of the reorganization or restoration of a reorganizing  
16 political subdivision, the reorganized political subdivision shall  
17 terminate the reorganization and restore the reorganizing political  
18 subdivisions in the same manner as a reorganization is completed  
19 under this chapter.

20 Chapter 5. Cooperative Agreements and Transfers of  
21 Responsibilities

22 Sec. 1. Notwithstanding any other law, two (2) or more political  
23 subdivisions may enter into a cooperative agreement under this  
24 chapter by using the same procedures set forth in this article for  
25 the initiation and approval of a reorganization under this article.  
26 A cooperative agreement under this chapter may be initiated and  
27 approved only in the manner set forth in this article for the  
28 initiation and approval of a reorganization under this article.

29 Sec. 2. (a) A cooperative agreement under this chapter must  
30 provide at least for the following:

- 31 (1) Its duration.  
32 (2) Its purpose.  
33 (3) The manner of financing, staffing, and supplying any joint  
34 undertaking and of establishing and maintaining a budget for  
35 any joint undertaking that is the subject of the cooperative  
36 agreement.  
37 (4) The methods that may be employed in accomplishing the  
38 partial or complete termination of the cooperative agreement  
39 and for disposing of property upon partial or complete  
40 termination of the cooperative agreement.  
41 (5) The manner in which the cooperative agreement is to be  
42 administered.  
43 (6) The manner of acquiring, holding, and disposing of real and  
44 personal property that is the subject of the cooperative  
45 agreement.

46 (b) A cooperative agreement may include any condition or term  
47 that is necessary or appropriate.

48 Sec. 3. (a) The cooperative agreement may transfer the functions  
49 of an employee or a department of a political subdivision, including



1 an elected office, to another employee or department of any  
2 political subdivision that has entered into the cooperative  
3 agreement.

4 (b) The functions of an elected office may be transferred only to  
5 another elected office.

6 (c) The cooperative agreement may provide for the abolishment  
7 of an elected office that is not required by the Constitution of the  
8 State of Indiana.

9 **Sec. 4. A political subdivision may enter into a cooperative**  
10 **agreement with an entity to share the services of an employee**  
11 **employed by any party to the agreement.**

12 **Sec. 5. A cooperative agreement may provide that a political**  
13 **subdivision:**

14 (1) may appropriate and pledge any legally available revenues  
15 to the payment of the bonds, leases, or other obligations of  
16 another political subdivision that is a party to the cooperative  
17 agreement; and

18 (2) will appropriate legally available revenues for any other  
19 payment under the cooperative agreement;

20 if the political subdivision's fiscal body finds that it is necessary,  
21 desirable, and in the best interests of the residents of that political  
22 subdivision.

23 **Sec. 6. (a) A cooperative agreement may not permit an entity or**  
24 **another instrumentality established to administer the cooperative**  
25 **agreement to take any action that at least one (1) of the parties to**  
26 **the cooperative agreement could not carry out on its own.**

27 (b) A cooperative agreement may permit the transfer of money  
28 from one (1) fund of a political subdivision for a use authorized by  
29 the cooperative agreement.

30 **Sec. 7. (a) A cooperative agreement transferring the functions of**  
31 **an elected office becomes effective only at the end of the term of the**  
32 **incumbent that holds the office.**

33 (b) Any law, rule, or agreement that requires or permits an  
34 action by an employee or elected officer after the functions of the  
35 employee or elected officer are transferred shall be treated as  
36 referring to the employee or elected officer to which the functions  
37 have been transferred by the cooperative agreement.

38 **Sec. 8. The department of local government finance shall adjust**  
39 **as necessary tax rates, tax levies, and budgets of political**  
40 **subdivisions that enter into a cooperative agreement under this**  
41 **chapter in the same manner as tax rates, tax levies, and budgets**  
42 **are adjusted under IC 36-1.5-3 for reorganizing political**  
43 **subdivisions.**

44 **SECTION 5. An emergency is declared for this act.**

(Reference is to EHB 1362 as reprinted March 1, 2006.)

**Conference Committee Report**  
**on**  
**Engrossed House Bill 1362**

**S**igned by:

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Representative Buck  
Chairperson

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Senator Riegsecker

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Representative Yount

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Senator Delph

**House Conferees**

**Senate Conferees**