

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WITHDRAWN	Noes _____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

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1189 be amended to read as follows:

- 1 Page 39, line 17, after "IC 20-49-4" insert ",".
- 2 Page 39, line 17, before "IC 20-49-5;" strike "and".
- 3 Page 39, line 17, after "IC 20-49-5" delete ";" and insert "
- 4 **IC 20-49-8, and IC 20-49-9;"**.
- 5 Page 40, between lines 13 and 14, begin a new paragraph and insert:
- 6 "SECTION 54. IC 20-49-8 IS ADDED TO THE INDIANA CODE
- 7 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 8 JULY 1, 2012]:
- 9 **Chapter 8. Advancement from the Common School Fund for**
- 10 **Operating Expenditures**
- 11 **Sec. 1. As used in this chapter, "account" refers to the school**
- 12 **corporation operating costs advancement account established**
- 13 **within the common school fund under section 4 of this chapter.**
- 14 **Sec. 2. As used in this chapter, "advance" refers to an advance**
- 15 **from the account under this chapter.**
- 16 **Sec. 3. As used in this chapter, "operational costs" means costs**
- 17 **other than construction costs incurred by a school corporation**
- 18 **during a school year in which the school corporation's current**
- 19 **ADM based on the fall count of ADM in the current school year is**
- 20 **at least fifteen percent (15%) higher or lower than the school**
- 21 **corporation's current ADM based on the fall count of ADM**
- 22 **conducted in the previous school year.**
- 23 **Sec. 4. The school corporation operating costs advancement**
- 24 **account is established within the common school fund.**

1 **Sec. 5.** The state board shall advance money to schools from the
2 account to be used for operational costs.

3 **Sec. 6.** A school corporation that desires to obtain an advance
4 must submit an application to the state board on a form prescribed
5 by the state board after the state board consults with the
6 department and the budget agency to determine the amount of the
7 advance.

8 **Sec. 7.** Priority of advances for operational costs must be on a
9 basis determined by the state board after consulting with the
10 department and the budget agency.

11 **Sec. 8.** The state board, after consulting with the department
12 and upon approval of the budget agency, shall establish the terms
13 of an advance before the date on which the advance is made.

14 **Sec. 9.** The amount of an advance for operational costs may not
15 exceed the amount determined under STEP FOUR of the following
16 formula:

17 **STEP ONE:** Determine the result of:

- 18 (A) the school corporation's transition to foundation
19 amount; divided by
20 (B) two (2).

21 **STEP TWO:** Determine the absolute value of the difference
22 between:

- 23 (A) the school corporation's current ADM based on the fall
24 count of ADM for the year of the distribution; minus
25 (B) the school corporation's current ADM based on the fall
26 count of ADM in the previous year.

27 **STEP THREE:** Determine the product of:

- 28 (A) the STEP ONE amount; multiplied by
29 (B) the STEP TWO amount.

30 **STEP FOUR:** Determine the product of:

- 31 (A) the STEP THREE amount; multiplied by
32 (B) one and fifteen-hundredths (1.15).

33 **Sec. 10.** Money advanced to a school corporation under this
34 chapter may be advanced for a period not to exceed twenty (20)
35 years.

36 **Sec. 11.** A school corporation to which money is advanced under
37 this chapter must pay interest on the advance at the rate
38 determined under this chapter. The state board shall provide that
39 the advances are prepayable by the:

- 40 (1) school corporation; or
41 (2) general assembly;

42 at any time.

43 **Sec. 12.** The state board of finance shall establish periodically
44 the rate of interest payable on advances under this chapter. An
45 interest rate established under this section may not:

- 46 (1) be less than one percent (1%); or
47 (2) exceed four percent (4%).

1 **Sec. 13. To ensure timely payment of an advance according to**
 2 **the terms of the advance, the state may withhold from funds due to**
 3 **the school corporation to which the advance is made an amount**
 4 **necessary to pay the advance and the interest on the advance.**

5 **Sec. 14. (a) This section applies if the general assembly prepays**
 6 **an advance under this chapter.**

7 **(b) A prepayment must be deducted from the amount**
 8 **appropriated for distributions of state tuition support.**

9 **Sec. 15. The terms of an advance must include a provision**
 10 **allowing the state to withhold funds due to a school corporation to**
 11 **which an advance is made until the advance, including interest**
 12 **accrued on the advance, is paid.**

13 **Sec. 16. If the state withholds funds under this chapter, the state**
 14 **first shall withhold funds from the distribution of state tuition**
 15 **support to the school corporation to which the advance is made. If**
 16 **the state tuition support distribution is unavailable or inadequate,**
 17 **the state may withhold funds from any other distribution of state**
 18 **funds to the school corporation.**

19 **Sec. 17 An advance under this chapter to a school corporation**
 20 **is not an obligation of the school corporation within the meaning**
 21 **of a constitutional limitation on or prohibition against**
 22 **indebtedness.**

23 **Sec. 28. An agreement with the state board to collect and pay**
 24 **over amounts deducted from state tuition support for the benefit**
 25 **of another party is not a debt of the state within the meaning of the**
 26 **limitation against state indebtedness under the Constitution of the**
 27 **State of Indiana.**

28 **SECTION 55. IC 20-49-9 IS ADDED TO THE INDIANA CODE**
 29 **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**
 30 **JULY 1, 2012]:**

31 **Chapter 9. Advance from the Common School Fund for a**
 32 **Distressed School Corporation**

33 **Sec. 1. As used in this chapter, "distressed school corporation"**
 34 **refers to a school corporation that meets the following criteria:**

35 **(1) The school corporation submits to the board a plan to**
 36 **increase revenue and reduce operating expenses, which may**
 37 **include the sale of unused property.**

38 **(2) The school corporation shows that its cash flow will enable**
 39 **the school corporation to repay an advance received under**
 40 **this chapter without distress.**

41 **(3) The ratio that the amount of the school corporation's debt**
 42 **(as determined in December 2010) bears to the school**
 43 **corporation's 2011 ADM ranks in the five (5) highest among**
 44 **all school corporations.**

45 **(4) The ratio that the amount of the school corporation's debt**
 46 **(as determined in December 2010) bears to the school**
 47 **corporation's total assessed valuation for calendar year 2011**

1 ranks in the five (5) highest among all school corporations.
2 (5) The amount of homestead assessed valuation in the school
3 corporation for calendar year 2011 was at least sixty percent
4 (60%) of the total amount of assessed valuation in the school
5 corporation for calendar year 2011.

6 Sec. 2. As used in this chapter, "fund" refers to the common
7 school fund.

8 Sec. 3. The state board may advance money to distressed school
9 corporations from the fund to be used for any legal purpose of the
10 school corporation.

11 Sec. 4. A distressed school corporation that desires to obtain an
12 advance must submit an application to the state board on a form
13 prescribed by the state board after the state board consults with
14 the department and the budget agency to determine the amount of
15 the advance.

16 Sec. 5. Subject to section 6 of this chapter, a distressed school
17 corporation may apply to the state board for an advance from the
18 fund for the 2012-2013 school year. The maximum amount of an
19 advance that the state board may approve for the distressed school
20 corporation is the lesser of the following:

21 (1) Five million dollars (\$5,000,000).

22 (2) The product of:

23 (A) one thousand dollars (\$1,000); multiplied by

24 (B) the school corporation's 2012 ADM.

25 Sec. 6. The state board may not approve an advance under this
26 chapter after December 31, 2012.

27 Sec. 7. The state board, after consulting with the department
28 and upon approval of the budget agency, shall establish the terms
29 of an advance before the date on which the advance is made.
30 However, the interest rate on the advance may not exceed one
31 percent (1%).

32 Sec. 8. Money advanced to a distressed school corporation
33 under this chapter may be advanced for a period not to exceed six
34 (6) years.

35 Sec. 9. A distressed school corporation may repay an advance
36 made under this chapter from any source of revenue.

37 Sec. 10. The obligation to repay an advance under this chapter
38 is not a basis for a distressed school corporation to impose an
39 additional ad valorem property tax levy for any fund.

40 Sec. 11. Whenever the state board receives a payment on an
41 advance made under this chapter, the state board shall deposit the
42 amount paid in the fund.

43 Sec. 12. To ensure timely payment of an advance under this
44 chapter according to the terms of the advance, the state may
45 withhold from funds due to the distressed school corporation to
46 which the advance is made an amount necessary to pay the
47 advance and the interest on the advance.

1 **Sec. 13. The terms of an advance under this chapter must**
2 **include a provision allowing the state to withhold funds due to a**
3 **distressed school corporation to which an advance is made until the**
4 **advance, including interest accrued on the advance, is paid.**

5 **Sec. 14. If the state withholds funds under this chapter, the state**
6 **first shall withhold funds from the distribution of state tuition**
7 **support to the distressed school corporation to which the advance**
8 **is made. If the state tuition support distribution is unavailable or**
9 **inadequate, the state may withhold funds from any other**
10 **distribution of state funds to the distressed school corporation.**

11 **Sec. 15. An advance under this chapter to a school corporation**
12 **is not an obligation of the school corporation within the meaning**
13 **of a constitutional limitation on or prohibition against**
14 **indebtedness."**

15 Renumber all SECTIONS consecutively.

(Reference is to HB 1189 as printed January 17, 2012.)

Representative Porter