
HOUSE BILL No. 1192

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-21.4.

Synopsis: Rainy day fund loans to school corporations. Authorizes a rainy day fund loan to school corporations meeting certain criteria. Provides that a school corporation's loan may not exceed the lesser of \$5,000,000 or the result of multiplying the school corporation's ADM by \$1,000. Provides that loans may not be approved after December 31, 2012. Provides that the total amount of all loans approved after December 31, 2011, may not exceed the sum of the loans provided for the 2012-2013 school year. Provides for the interception of revenues otherwise payable to the school corporation if the school corporation fails to pay an obligation associated with the loan.

Effective: July 1, 2012.

Cherry, Speedy

January 9, 2012, read first time and referred to Committee on Ways and Means.

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Second Regular Session 117th General Assembly (2012)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

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HOUSE BILL No. 1192



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-21.4-0.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2012]: **Sec. 0.5. As used in this chapter,**
4 **"ADM" refers to a school corporation's average daily membership**
5 **as determined under IC 20-43-4-2.**

6 SECTION 2. IC 6-1.1-21.4-2, AS ADDED BY P.L.131-2008,
7 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2012]: Sec. 2. As used in this chapter, "eligible school
9 corporation" refers to **either of the following:**

10 (1) A school corporation located in a county in which
11 distributions of property tax revenue for 2007 or 2008 to the
12 taxing units (as defined in IC 6-1.1-1-21) of the county:

- 13 (1) (A) have not been made; or
- 14 (2) (B) were delayed by more than sixty (60) days after either
- 15 due date specified in IC 6-1.1-22-9.

16 (2) **A school corporation that meets the following criteria:**
17 (A) **The school corporation submits to the board a plan to**



- 1 **increase revenue and reduce operating expenses, which**
 2 **may include the sale of unused property.**
 3 **(B) The school corporation shows that its cash flow will**
 4 **enable the school corporation to repay a loan received**
 5 **under this chapter without distress.**
 6 **(C) The ratio that the amount of the school corporation's**
 7 **debt (as determined in December 2010) bears to the school**
 8 **corporation's 2011 ADM ranks in the five (5) highest**
 9 **among all school corporations.**
 10 **(D) The ratio that the amount of the school corporation's**
 11 **debt (as determined in December 2010) bears to the school**
 12 **corporation's total assessed valuation for calendar year**
 13 **2011 ranks in the five (5) highest among all school**
 14 **corporations.**
 15 **(E) The amount of homestead assessed valuation in the**
 16 **school corporation for calendar year 2011 was at least**
 17 **sixty percent (60%) of the total amount of assessed**
 18 **valuation in the school corporation for calendar year 2011.**

19 SECTION 3. IC 6-1.1-21.4-3, AS ADDED BY P.L.131-2008,
 20 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2012]: Sec. 3. (a) An eligible school corporation may apply
 22 to the board for a loan from the counter-cyclical revenue and economic
 23 stabilization fund.

24 **(b) Subject to section 3.5 of this chapter, an eligible school**
 25 **corporation described in section 2(2) of this chapter may apply to**
 26 **the board for a loan for the 2012-2013 school year. The maximum**
 27 **amount of a loan that the board may approve for the eligible school**
 28 **corporation is the lesser of the following:**

- 29 **(1) Five million dollars (\$5,000,000).**
 30 **(2) The product of:**

- 31 **(A) one thousand dollars (\$1,000); multiplied by**
 32 **(B) the school corporation's 2012 ADM.**

33 SECTION 4. IC 6-1.1-21.4-3.5 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2012]: **Sec. 3.5. The board may not approve**
 36 **a loan under this chapter after December 31, 2012.**

37 SECTION 5. IC 6-1.1-21.4-4, AS ADDED BY P.L.131-2008,
 38 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2012]: Sec. 4. (a) The board, after review by the budget
 40 committee, shall determine the terms of any loan made under this
 41 chapter. However, the interest rate on the loan may not exceed one
 42 percent (1%).



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1 (b) The total amount of all loans under this chapter for all calendar
2 years may not exceed **the following:**

3 (1) Six million dollars (\$6,000,000) for all calendar years
4 ending before January 1, 2012.

5 (2) The sum of the amounts approved under section 3(b) of
6 this chapter for all calendar years beginning after December
7 31, 2011.

8 (c) An eligible school corporation receiving a loan under this
9 chapter must repay the loan within seventy-two (72) months after the
10 date on which the loan is made.

11 (d) The board may disburse in installments the proceeds of a loan
12 made under this chapter.

13 (e) An eligible school corporation may repay a loan made under this
14 chapter from any sources of revenue.

15 (f) The obligation to repay a loan made under this chapter is not a
16 basis for an eligible school corporation to obtain an excessive tax levy
17 under IC 6-1.1-19.

18 (g) Whenever the board receives a payment on a loan made under
19 this chapter, the board shall deposit the amount paid in the
20 counter-cyclical revenue and economic stabilization fund.

21 SECTION 6. IC 6-1.1-21.4-6, AS ADDED BY P.L.131-2008,
22 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JULY 1, 2012]: Sec. 6. A loan under this chapter is not bonded
24 indebtedness for purposes of IC 6-1.1-18.5 or **IC 6-1.1-20.**

25 SECTION 7. IC 6-1.1-21.4-7 IS ADDED TO THE INDIANA
26 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
27 [EFFECTIVE JULY 1, 2012]: **Sec. 7. Upon the failure of a school
28 corporation to repay any of the school corporation's obligations
29 under this chapter during a calendar year when due, the treasurer
30 of state, upon being notified of the failure by the board, shall pay
31 the unpaid obligations that are due from money in the possession
32 of the state that would otherwise be available for distribution to the
33 school corporation under any other law, deducting the payment
34 from the amount distributed. A deduction under this section must
35 be made:**

36 (1) first from distributions of county adjusted gross income
37 tax distributions under IC 6-3.5-1.1, county option income tax
38 distributions under IC 6-3.5-6, or county economic
39 development income tax distributions under IC 6-3.5-7 that
40 would otherwise be distributed to the county in which the
41 school corporation is located under the schedule in
42 IC 6-3.5-1.1-10, IC 6-3.5-6-17, or IC 6-3.5-7-16; and

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(2) second from any other undistributed funds of the school corporation in the possession of the state.

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