

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Appropriations, to which was referred Senate Bill No. 226, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Delete the title and insert the following:
2 A BILL FOR AN ACT to amend the Indiana Code concerning
3 education and to make an appropriation.
4 Page 1, delete lines 1 through 17, begin a new paragraph and insert:
5 "SECTION 1. IC 4-12-15 IS ADDED TO THE INDIANA CODE
6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]:
8 **Chapter 15. Distressed School Fund**
9 **Sec. 1. As used in this chapter, "board" refers to the distressed**
10 **unit appeals board established by IC 6-1.1-20.3-4.**
11 **Sec. 2. As used in this chapter, "distressed school corporation"**
12 **refers to a school corporation designated as a distressed school**
13 **corporation by the board under IC 6-1.1-20.3-6.5.**
14 **Sec. 3. As used in this chapter, "fund" refers to the distressed**
15 **school fund established by section 4 of this chapter.**
16 **Sec. 4. The distressed school fund is established. The fund shall**
17 **be administered by the budget agency.**
18 **Sec. 5. (a) The fund consists of the following:**
19 **(1) appropriations made to the fund by the general assembly;**
20 **(2) grants, gifts, and donations intended for deposit in the**
21 **fund; and**

- 1 **(3) principal repaid to the fund from a loan granted under this**
2 **chapter.**
- 3 **(b) Money in the fund is appropriated for the purposes of the**
4 **fund.**
- 5 **Sec. 6. Expenses of administering the fund shall be paid from**
6 **money in the fund.**
- 7 **Sec. 7. The treasurer of state shall invest the money in the fund**
8 **not currently needed to meet the obligations of the fund in the same**
9 **manner as other public money may be invested. Interest that**
10 **accrues from these investments shall be deposited in the fund.**
- 11 **Sec. 8. (a) Except as provided in subsection (b), money in the**
12 **fund at the end of a fiscal year does not revert to the state general**
13 **fund.**
- 14 **(b) Money in the fund at the end of the state fiscal year ending**
15 **June 30, 2016, and at the end of each state fiscal year thereafter**
16 **reverts to the state general fund.**
- 17 **Sec. 9. The fund shall be used as a revolving fund to make loans**
18 **to school corporations that are designated by the board as**
19 **distressed school corporations.**
- 20 **Sec. 10. If the board authorizes under IC 6-1.1-20.3-6.5 a loan**
21 **from the fund to a distressed school corporation, the distressed**
22 **school corporation may apply for a loan in a form approved by the**
23 **budget agency. As part of the application, the school corporation**
24 **shall submit a plan for the distressed school corporation's use of**
25 **the loan proceeds and for the repayment of the loan. Within sixty**
26 **(60) days after receipt of each application, the budget agency shall,**
27 **after review by the budget committee, make a final determination**
28 **concerning the application.**
- 29 **Sec. 11. The budget agency shall establish procedures for**
30 **application to the fund for a loan.**
- 31 **Sec. 12. Subject to this chapter, the budget agency, after review**
32 **by the budget committee, may loan money to a distressed school**
33 **corporation on the terms established by the budget agency. The**
34 **budget agency may not make a loan under this chapter after**
35 **December 31, 2015.**
- 36 **Sec. 13. The budget agency may authorize a loan to a school**
37 **corporation that makes an application if:**
- 38 **(1) the applicant has been designated as a distressed school**
39 **corporation by the board;**
- 40 **(2) the board has authorized a loan to the school corporation**
41 **from the fund;**
- 42 **(3) the budget agency approves the accuracy and**

- 1 **completeness of the application;**
 2 **(4) the budget agency determines that there is a need for the**
 3 **loan;**
 4 **(5) the budget agency determines that there is an adequate**
 5 **method of repayment for the loan; and**
 6 **(6) there is sufficient money in the fund to make the loan.**

7 **Sec. 14. The amount of a loan under this chapter may not exceed**
 8 **the amount of the loan recommended by the board.**

9 **Sec. 15. The following apply to a loan under this chapter:**

- 10 **(1) Interest must be charged on the loan, but the rate of**
 11 **interest on the loan may not exceed a rate equal to the prime**
 12 **rate minus one percent (1%).**
 13 **(2) A distressed school corporation may repay the loan in**
 14 **equal installments over a term specified by the budget agency,**
 15 **but not more than ten (10) years.**
 16 **(3) The outstanding balance of the loan may be prepaid**
 17 **without penalty.**

18 **Sec. 16. In establishing the terms of a loan under this chapter,**
 19 **the budget agency shall consider the plan developed by the board**
 20 **and the distressed school corporation to move the distressed school**
 21 **corporation out of its distressed status.**

22 **Sec. 17. If a distressed school corporation fails to make a loan**
 23 **repayment under this chapter when due, the treasurer of state,**
 24 **upon being notified of the failure by the budget agency, shall pay**
 25 **the unpaid debt service obligations that are due from the funds of**
 26 **the state only to the extent of the amounts appropriated for the**
 27 **calendar year for distribution to the distressed school corporation**
 28 **from state funds, deducting the payment from the appropriated**
 29 **amounts. A deduction under this subsection must be made:**

- 30 **(1) first from all funds except state tuition support; and**
 31 **(2) second from state tuition support.**

32 **Sec. 18. Money repaid on a loan under this chapter shall be**
 33 **deposited in the fund.**

34 SECTION 2. IC 5-1-5-2.5, AS ADDED BY P.L.229-2011,
 35 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 UPON PASSAGE]: Sec. 2.5. (a) As used in this section, "eligible
 37 school corporation" means a school corporation (as defined in
 38 IC 36-1-2-17) that satisfies all the conditions required by this section.

39 (b) As used in this section, "increment" means the annual difference
 40 between:

- 41 (1) the annual debt service payment for the bonds proposed to be
 42 retired or refunded; and

1 (2) the annual debt service payment for the proposed refunding
2 bonds;
3 for each year that the bonds that are being retired or refunded would
4 have been outstanding.

5 (c) In order for a school corporation to be an eligible school
6 corporation under this section, the school corporation must determine
7 that the percentage computed under this subsection for the school
8 corporation is at least thirty percent (30%) regarding the year for which
9 the latest certified levies have been determined. A school corporation
10 shall compute its percentage as follows:

11 (1) Compute the amount of credits granted under IC 6-1.1-20.6
12 against the school corporation's combined levy for the school
13 corporation's:

- 14 (A) debt service fund, as described in IC 20-46-7-15;
- 15 (B) capital projects fund;
- 16 (C) transportation fund;
- 17 (D) school bus replacement fund; and
- 18 (E) racial balance fund.

19 (2) Compute the school corporation's combined levy for the
20 school corporation's:

- 21 (A) capital projects fund;
- 22 (B) transportation fund;
- 23 (C) school bus replacement fund; and
- 24 (D) racial balance fund.

25 (3) Divide the amount computed under subdivision (1) by the
26 amount computed under subdivision (2) and express it as a
27 percentage.

28 (d) A school corporation that desires to be an eligible school
29 corporation under this section must satisfy the following conditions:

30 (1) The school corporation shall conduct a public hearing and
31 provide notice of the time, date, and place of the hearing,
32 published as required by IC 5-3-1, before the school corporation
33 may adopt an ordinance under this section. At the public hearing,
34 the governing body must provide the following information:

35 (A) The annual debt service payments, applicable debt service
36 tax rate, and total debt service payments for the bonds
37 proposed to be retired or refunded.

38 (B) The annual debt service payments, applicable debt service
39 fund tax rate, and total debt service payments for the proposed
40 refunding bonds.

41 (C) The annual increment for each year that the bonds that are
42 being retired or refunded would have been outstanding and

1 any other benefits to be derived from issuing the refunding
2 bonds.

3 **(2) The requirements of this subdivision do not apply to a**
4 **school corporation that adopts an ordinance under subsection**
5 **(e) before January 1, 2016.** If the amount determined under
6 subsection (c)(3) is:

7 (A) more than forty-five percent (45%), notwithstanding
8 IC 6-1.1-20-3.1(a) and IC 6-1.1-20-3.2(a), the school
9 corporation shall use the petition and remonstrance process
10 prescribed by IC 6-1.1-20-3.1(b) and IC 6-1.1-20-3.2(b) and
11 more individuals must sign the petition for the bond refunding
12 under this section than the number of individuals signing a
13 remonstrance against the bond refunding; or

14 (B) at least thirty percent (30%) but not more than forty-five
15 percent (45%), the school corporation shall conduct a
16 referendum on a public question regarding the bond refunding
17 using the process for a referendum tax levy under IC 20-46-1
18 and the bond refunding must be approved by the eligible
19 voters of the school corporation. The question to be submitted
20 to the voters in the referendum must read as follows:

21 "Shall _____ (insert the name of the school corporation)
22 issue refunding bonds to refund not more than fifty percent
23 (50%) of its outstanding bonds to provide an annual savings
24 to the school's debt service fund that can be transferred from
25 the school's debt service fund to the school's capital projects
26 fund, transportation fund, or school bus replacement fund?".

27 Except as provided in subdivision (2)(A), IC 6-1.1-20 does not apply
28 to bonds issued under this section.

29 (e) A school corporation that desires to be an eligible school
30 corporation under this section must, before July 1, 2013, and
31 notwithstanding any other law, adopt an ordinance that sets forth the
32 following:

33 (1) The determinations made under subsection (c).

34 **(2) The requirements of this subdivision do not apply to an**
35 **ordinance adopted under this subdivision before January 1,**
36 **2016.** The result of the petition remonstrance process under
37 subsection (d)(2)(A) or the result of the vote on the public
38 question under subsection (d)(2)(B), whichever applies.

39 (3) A determination providing for the:

40 (A) issuance of bonds to refund not more than fifty percent
41 (50%) of outstanding bonds or leases issued by or on behalf of
42 the school corporation; and

- 1 (B) payment of redemption premiums and the costs of the
 2 refunding.
- 3 (4) With respect to the refunding bonds, the following:
- 4 (A) The maximum principal amount.
- 5 (B) The maximum interest rate.
- 6 (C) The annual lease or debt service payment.
- 7 (D) The final maturity date.
- 8 (E) The estimated amount of the increment that will occur for
 9 each year that the bonds that are being retired or refunded by
 10 the issuance of refunding bonds would have been outstanding.
- 11 (F) A finding that the annual debt service or lease payment on
 12 the refunding bonds will not increase the annual debt service
 13 or lease payment above the annual debt service or lease
 14 payment approved by the school corporation for the original
 15 project.

16 If the governing body adopts an ordinance under this section, the
 17 governing body must publish notice of the adoption of the ordinance as
 18 required by IC 5-3-1.

19 (f) An eligible school corporation may issue refunding bonds as
 20 permitted by this section. In addition, an eligible school corporation
 21 may extend the repayment period beyond the repayment period for the
 22 bonds that are being retired or refunded by the issuance of refunding
 23 bonds. However, the repayment period may be extended only once for
 24 a particular bond, and the extension may not exceed ten (10) years.

25 (g) Property taxes imposed by an eligible school corporation to pay
 26 debt service for bonds permitted by this section shall be considered for
 27 purposes of calculating the limits to property tax liability under Article
 28 10, Section 1 of the Constitution of the State of Indiana and for
 29 calculating a person's credit under IC 6-1.1-20.6-7.5. However,
 30 property taxes imposed by an eligible school corporation through
 31 December 31, 2019, to pay debt service for bonds permitted by this
 32 section may not be considered in an eligible county, as used in Article
 33 10, Section 1(h) of the Constitution of the State of Indiana, for purposes
 34 of calculating the limits to property tax liability under Article 10,
 35 Section 1 of the Constitution of the State of Indiana or for calculating
 36 a person's credit under IC 6-1.1-20.6-7.5.

37 SECTION 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008,
 38 SECTION 202, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2012]: Sec. 2. As used in this chapter,
 40 "~~distressed political subdivision~~ **school corporation**" means a
 41 ~~political subdivision that expects to have the political subdivision's~~
 42 ~~property tax collections reduced by at least five percent (5%) in a~~

1 calendar year as a result of the application of the credit under
 2 IC 6-1.1-20.6 for that calendar year. **school corporation designated**
 3 **as a distressed school corporation by the board under section 6.5**
 4 **of this chapter.**

5 SECTION 4. IC 6-1.1-20.3-4, AS AMENDED BY P.L.146-2008,
 6 SECTION 203, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2012]: Sec. 4. (a) The distressed unit appeal
 8 board is established.

9 (b) The distressed unit appeal board consists of the following
 10 members:

11 (1) The director of the office of management and budget or the
 12 director's designee. The director or the director's designee shall
 13 serve as chairperson of the distressed unit appeal board.

14 (2) The commissioner of the department of local government
 15 finance or the commissioner's designee.

16 ~~(3) The commissioner of the department of state revenue or the~~
 17 ~~commissioner's designee.~~

18 ~~(4)~~ (3) The state examiner of the state board of accounts or the
 19 state examiner's designee.

20 ~~(5) The following members appointed by the governor:~~

21 ~~(A) One (1) member appointed from nominees submitted by~~
 22 ~~the Indiana Association of Cities and Towns.~~

23 ~~(B) One (1) member appointed from nominees submitted by~~
 24 ~~the Association of Indiana Counties.~~

25 ~~(C) One (1) member appointed from nominees submitted by~~
 26 ~~the Indiana Association of School Superintendents.~~

27 A member nominated and appointed under this subdivision must
 28 be an elected official of a political subdivision.

29 ~~(6) One (1) member appointed by the governor (in addition to~~
 30 ~~members appointed under subdivision (5)).~~

31 ~~(7) One (1) member appointed by the speaker of the house of~~
 32 ~~representatives. A member appointed under this subdivision~~
 33 ~~serves a term of four (4) years.~~

34 (4) The state superintendent of public instruction or the
 35 superintendent's designee.

36 (5) An individual appointed by the chairman of the legislative
 37 council.

38 ~~(c) The members appointed under subsection (b)(5) and subsection~~
 39 ~~(b)(6) serve at the pleasure of the governor.~~

40 ~~(d)~~ (c) Each member of the commission is entitled to reimbursement
 41 for:

42 (1) traveling expenses as provided under IC 4-13-1-4; and

1 (2) other expenses actually incurred in connection with the
 2 member's duties as provided in the state policies and procedures
 3 established by the Indiana department of administration and
 4 approved by the budget agency.

5 SECTION 5. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008,
 6 SECTION 205, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For property taxes first
 8 due and payable in 2008 and thereafter, the fiscal body of a distressed
 9 political subdivision may petition the board for relief as authorized
 10 under this chapter from the application of the credit under
 11 IC 6-1.1-20.6 for a calendar year. **The governing body of a school**
 12 **corporation may file a petition with the board seeking to have the**
 13 **school corporation designated as a distressed school corporation**
 14 **under this chapter.**

15 (b) A petition under subsection (a) must include a proposed
 16 financial plan for the distressed political subdivision. The proposed
 17 financial plan must include the following:

18 (1) Proposed budgets that would enable the distressed political
 19 subdivision to cease being a distressed political subdivision.

20 (2) Proposed efficiencies, consolidations, cost reductions, uses of
 21 alternative or additional revenues, or other actions that would
 22 enable the distressed political subdivision to cease being a
 23 distressed political subdivision.

24 (3) Proposed increases, if any, in the percentage thresholds
 25 (specified as a percentage of gross assessed value) at which the
 26 credit under IC 6-1.1-20.6 will apply, including any varying
 27 percentages for different classes of property.

28 (4) Proposed reductions, if any, to the credits under IC 6-1.1-20.6
 29 (by percentages); including any varying percentage reductions for
 30 different classes of property.

31 (c) (b) The board may adopt procedures governing the timing and
 32 required content of a petition under subsection (a).

33 SECTION 6. IC 6-1.1-20.3-6.5 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2012]: **Sec. 6.5. (a) After the board receives**
 36 **a petition concerning a school corporation under section 6 of this**
 37 **chapter, the board may designate the school corporation as a**
 38 **distressed school corporation if any of the following conditions are**
 39 **satisfied:**

40 (1) The school corporation has:

41 (A) issued refunding bonds under IC 5-1-5-2.5; or

42 (B) adopted an ordinance under IC 5-1-5-2.5 making the

- 1 **determinations and including the information specified in**
 2 **IC 5-1-5-2.5(e).**
- 3 **(2) The school corporation has had two (2) successive general**
 4 **fund referenda fail.**
- 5 **(3) The school corporation has been severely affected, as**
 6 **determined by the board, as a result of the granting of**
 7 **property tax credits under IC 6-1.1-20.6.**
- 8 **(b) If the board designates a school corporation as a distressed**
 9 **school corporation under subsection (a), the board shall**
 10 **immediately notify:**
- 11 **(1) the school corporation; and**
 12 **(2) the budget agency;**
- 13 **that the board has designated the school corporation as a**
 14 **distressed political subdivision.**
- 15 **(c) The board may before January 1, 2016, authorize a loan to**
 16 **the school corporation from the distressed school fund under**
 17 **IC 4-12-15. If the board authorizes a loan to the school corporation**
 18 **under this subsection, the board shall recommend to the state**
 19 **budget committee and the budget agency:**
- 20 **(1) the term of the loan, not to exceed ten (10) years; and**
 21 **(2) the rate of interest that will be charged on the loan.**
- 22 **Interest must be charged on a loan authorized under this**
 23 **subsection, but the rate of interest on the loan may not exceed a**
 24 **rate equal to the prime rate minus one percent (1%). A loan**
 25 **authorized under this subsection is subject to review by the state**
 26 **budget committee and approval by the budget agency under**
 27 **IC 4-12-15.**
- 28 SECTION 7. IC 6-1.1-20.3-7 IS REPEALED [EFFECTIVE JULY
 29 1, 2012]. Sec. 7: (a) If the fiscal body of a distressed political
 30 subdivision submits a petition under section 6 of this chapter, the board
 31 shall review the petition and assist in establishing a financial plan for
 32 the distressed political subdivision:
- 33 (b) In reviewing a petition submitted under section 6 of this chapter,
 34 the board:
- 35 (1) shall consider:
- 36 (A) the proposed financial plan;
- 37 (B) comparisons to similarly situated political subdivisions;
- 38 (C) the existing revenue and expenditures of political
 39 subdivisions in the county; and
- 40 (D) any other factor considered relevant by the board; and
- 41 (2) may establish subcommittees or temporarily appoint
 42 nonvoting members to the board to assist in the review.

1 SECTION 8. IC 6-1.1-20.3-8 IS REPEALED [EFFECTIVE JULY
2 1, 2012]. Sec. 8: (a) The board may authorize relief as provided in
3 subsection (b) from the application of the credit under IC 6-1.1-20.6 for
4 a calendar year if the governing body of each political subdivision in
5 the county that is affected by the financial plan has adopted a resolution
6 agreeing to the terms of the financial plan:

7 (b) If the conditions of subsection (a) are satisfied, the board may,
8 notwithstanding IC 6-1.1-20.6, do any of the following:

9 (1) Increase the percentage thresholds (specified as a percentage
10 of gross assessed value) at which the credit under IC 6-1.1-20.6
11 applies to a person's property tax liability in the political
12 subdivision:

13 (2) Provide for percentage reductions to credits otherwise
14 provided under IC 6-1.1-20.6 in the political subdivision:

15 (3) Provide that some or all of the property taxes that:

16 (A) are being imposed to pay bonds, leases, or other debt
17 obligations; and

18 (B) would otherwise be included in the calculation of the
19 credit under IC 6-1.1-20.6 in the political subdivision;

20 shall not be included for purposes of calculating a person's credit
21 under IC 6-1.1-20.6:

22 (c) If the board provides relief described in subsection (b), the board
23 shall conduct audits and reviews as necessary to determine whether the
24 affected political subdivision is abiding by the terms of the financial
25 plan agreed to under subsection (a):

26 SECTION 9. IC 6-1.1-20.3-10, AS ADDED BY P.L.146-2008,
27 SECTION 209, IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2012]: Sec. 10. A ~~distressed political~~
29 ~~subdivision~~ **school corporation** may petition the tax court for judicial
30 review of a ~~final~~ determination of the board **under section 6.5 of this**
31 **chapter**. The action must be taken to the tax court under IC 6-1.1-15
32 in the same manner that an action is taken to appeal a final
33 determination of the Indiana board of tax review. The petition must be
34 filed in the tax court not more than forty-five (45) days after the board
35 enters its final determination.

36 SECTION 10. IC 20-26-5-4, AS AMENDED BY P.L.90-2011,
37 SECTION 11, AND AS AMENDED BY P.L.200-2011, SECTION 1,
38 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE UPON PASSAGE]: Sec. 4. In carrying out the school
40 purposes of a school corporation, the governing body acting on the
41 school corporation's behalf has the following specific powers:

42 (1) In the name of the school corporation, to sue and be sued and

1 to enter into contracts in matters permitted by applicable law.
2 However, a governing body may not use funds received from the
3 state to bring or join in an action against the state, unless the
4 governing body is challenging an adverse decision by a state
5 agency, board, or commission.

6 (2) To take charge of, manage, and conduct the educational affairs
7 of the school corporation and to establish, locate, and provide the
8 necessary schools, school libraries, other libraries where
9 permitted by law, other buildings, facilities, property, and
10 equipment.

11 (3) To appropriate from the school corporation's general fund an
12 amount, not to exceed the greater of three thousand dollars
13 (\$3,000) per budget year or one dollar (\$1) per pupil, not to
14 exceed twelve thousand five hundred dollars (\$12,500), based on
15 the school corporation's previous year's ADM, to promote the best
16 interests of the school corporation through:

17 (A) the purchase of meals, decorations, memorabilia, or
18 awards;

19 (B) provision for expenses incurred in interviewing job
20 applicants; or

21 (C) developing relations with other governmental units.

22 (4) To:

23 (A) Acquire, construct, erect, maintain, hold, and contract for
24 construction, erection, or maintenance of real estate, real estate
25 improvements, or an interest in real estate or real estate
26 improvements, as the governing body considers necessary for
27 school purposes, including buildings, parts of buildings,
28 additions to buildings, rooms, gymnasiums, auditoriums,
29 playgrounds, playing and athletic fields, facilities for physical
30 training, buildings for administrative, office, warehouse, repair
31 activities, or housing school owned buses, landscaping, walks,
32 drives, parking areas, roadways, easements and facilities for
33 power, sewer, water, roadway, access, storm and surface
34 water, drinking water, gas, electricity, other utilities and
35 similar purposes, by purchase, either outright for cash (or
36 under conditional sales or purchase money contracts providing
37 for a retention of a security interest by the seller until payment
38 is made or by notes where the contract, security retention, or
39 note is permitted by applicable law), by exchange, by gift, by
40 devise, by eminent domain, by lease with or without option to
41 purchase, or by lease under IC 20-47-2, IC 20-47-3, or
42 IC 20-47-5.

- 1 (B) Repair, remodel, remove, or demolish, or to contract for
2 the repair, remodeling, removal, or demolition of the real
3 estate, real estate improvements, or interest in the real estate
4 or real estate improvements, as the governing body considers
5 necessary for school purposes.
- 6 (C) Provide for conservation measures through utility
7 efficiency programs or under a guaranteed savings contract as
8 described in IC 36-1-12.5.
- 9 (5) To acquire personal property or an interest in personal
10 property as the governing body considers necessary for school
11 purposes, including buses, motor vehicles, equipment, apparatus,
12 appliances, books, furniture, and supplies, either by cash purchase
13 or under conditional sales or purchase money contracts providing
14 for a security interest by the seller until payment is made or by
15 notes where the contract, security, retention, or note is permitted
16 by applicable law, by gift, by devise, by loan, or by lease with or
17 without option to purchase and to repair, remodel, remove,
18 relocate, and demolish the personal property. All purchases and
19 contracts specified under the powers authorized under subdivision
20 (4) and this subdivision are subject solely to applicable law
21 relating to purchases and contracting by municipal corporations
22 in general and to the supervisory control of state agencies as
23 provided in section 6 of this chapter.
- 24 (6) To sell or exchange real or personal property or interest in real
25 or personal property that, in the opinion of the governing body, is
26 not necessary for school purposes, in accordance with IC 20-26-7,
27 to demolish or otherwise dispose of the property if, in the opinion
28 of the governing body, the property is not necessary for school
29 purposes and is worthless, and to pay the expenses for the
30 demolition or disposition.
- 31 (7) To lease any school property for a rental that the governing
32 body considers reasonable or to permit the free use of school
33 property for:
- 34 (A) civic or public purposes; or
- 35 (B) the operation of a school age child care program for
36 children who are at least five (5) years of age and less than
37 fifteen (15) years of age that operates before or after the school
38 day, or both, and during periods when school is not in session;
39 if the property is not needed for school purposes. Under this
40 subdivision, the governing body may enter into a long term lease
41 with a nonprofit corporation, community service organization, or
42 other governmental entity, if the corporation, organization, or

1 other governmental entity will use the property to be leased for
2 civic or public purposes or for a school age child care program.
3 However, if payment for the property subject to a long term lease
4 is made from money in the school corporation's debt service fund,
5 all proceeds from the long term lease must be deposited in the
6 school corporation's debt service fund so long as payment for the
7 property has not been made. The governing body may, at the
8 governing body's option, use the procedure specified in
9 IC 36-1-11-10 in leasing property under this subdivision.

10 (8) To:

11 (A) Employ, contract for, and discharge superintendents,
12 supervisors, principals, teachers, librarians, athletic coaches
13 (whether or not they are otherwise employed by the school
14 corporation and whether or not they are licensed under
15 IC 20-28-5), business managers, superintendents of buildings
16 and grounds, janitors, engineers, architects, physicians,
17 dentists, nurses, accountants, teacher aides performing
18 noninstructional duties, educational and other professional
19 consultants, data processing and computer service for school
20 purposes, including the making of schedules, the keeping and
21 analyzing of grades and other student data, the keeping and
22 preparing of warrants, payroll, and similar data where
23 approved by the state board of accounts as provided below,
24 and other personnel or services as the governing body
25 considers necessary for school purposes.

26 (B) Fix and pay the salaries and compensation of persons and
27 services described in this subdivision *that are consistent with*
28 *IC 20-28-9-1.*

29 (C) Classify persons or services described in this subdivision
30 and to adopt schedules of salaries or compensation *that are*
31 *consistent with IC 20-28-9-1.*

32 (D) Determine the number of the persons or the amount of the
33 services employed or contracted for as provided in this
34 subdivision.

35 (E) Determine the nature and extent of the duties of the
36 persons described in this subdivision.

37 The compensation, terms of employment, and discharge of
38 teachers are, however, subject to and governed by the laws
39 relating to employment, contracting, compensation, and discharge
40 of teachers. The compensation, terms of employment, and
41 discharge of bus drivers are subject to and governed by laws
42 relating to employment, contracting, compensation, and discharge

- 1 of bus drivers. The forms and procedures relating to the use of
2 computer and data processing equipment in handling the financial
3 affairs of the school corporation must be submitted to the state
4 board of accounts for approval so that the services are used by the
5 school corporation when the governing body determines that it is
6 in the best interest of the school corporation while at the same
7 time providing reasonable accountability for the funds expended.
- 8 (9) Notwithstanding the appropriation limitation in subdivision
9 (3), when the governing body by resolution considers a trip by an
10 employee of the school corporation or by a member of the
11 governing body to be in the interest of the school corporation,
12 including attending meetings, conferences, or examining
13 equipment, buildings, and installation in other areas, to permit the
14 employee to be absent in connection with the trip without any loss
15 in pay and to reimburse the employee or the member the
16 employee's or member's reasonable lodging and meal expenses
17 and necessary transportation expenses. To pay teaching personnel
18 for time spent in sponsoring and working with school related trips
19 or activities.
- 20 (10) **Subject to IC 20-27-13**, to transport children to and from
21 school, when in the opinion of the governing body the
22 transportation is necessary, including considerations for the safety
23 of the children and without regard to the distance the children live
24 from the school. The transportation must be otherwise in
25 accordance with applicable law.
- 26 (11) To provide a lunch program for a part or all of the students
27 attending the schools of the school corporation, including the
28 establishment of kitchens, kitchen facilities, kitchen equipment,
29 lunch rooms, the hiring of the necessary personnel to operate the
30 lunch program, and the purchase of material and supplies for the
31 lunch program, charging students for the operational costs of the
32 lunch program, fixing the price per meal or per food item. To
33 operate the lunch program as an extracurricular activity, subject
34 to the supervision of the governing body. To participate in a
35 surplus commodity or lunch aid program.
- 36 (12) To purchase textbooks, to furnish textbooks without cost or
37 to rent textbooks to students, to participate in a textbook aid
38 program, all in accordance with applicable law.
- 39 (13) To accept students transferred from other school corporations
40 and to transfer students to other school corporations in accordance
41 with applicable law.
- 42 (14) To make budgets, to appropriate funds, and to disburse the

1 money of the school corporation in accordance with applicable
2 law. To borrow money against current tax collections and
3 otherwise to borrow money, in accordance with IC 20-48-1.

4 (15) To purchase insurance or to establish and maintain a
5 program of self-insurance relating to the liability of the school
6 corporation or the school corporation's employees in connection
7 with motor vehicles or property and for additional coverage to the
8 extent permitted and in accordance with IC 34-13-3-20. To
9 purchase additional insurance or to establish and maintain a
10 program of self-insurance protecting the school corporation and
11 members of the governing body, employees, contractors, or agents
12 of the school corporation from liability, risk, accident, or loss
13 related to school property, school contract, school or school
14 related activity, including the purchase of insurance or the
15 establishment and maintenance of a self-insurance program
16 protecting persons described in this subdivision against false
17 imprisonment, false arrest, libel, or slander for acts committed in
18 the course of the persons' employment, protecting the school
19 corporation for fire and extended coverage and other casualty
20 risks to the extent of replacement cost, loss of use, and other
21 insurable risks relating to property owned, leased, or held by the
22 school corporation. *In accordance with IC 20-26-17*, to:

23 (A) participate in a state employee health plan under
24 IC 5-10-8-6.6 or IC 5-10-8-6.7;

25 (B) purchase insurance; or

26 (C) establish and maintain a program of self-insurance;

27 to benefit school corporation employees, including accident,
28 sickness, health, or dental coverage, provided that a plan of
29 self-insurance must include an aggregate stop-loss provision.

30 (16) To make all applications, to enter into all contracts, and to
31 sign all documents necessary for the receipt of aid, money, or
32 property from the state, the federal government, or from any other
33 source.

34 (17) To defend a member of the governing body or any employee
35 of the school corporation in any suit arising out of the
36 performance of the member's or employee's duties for or
37 employment with, the school corporation, if the governing body
38 by resolution determined that the action was taken in good faith.
39 To save any member or employee harmless from any liability,
40 cost, or damage in connection with the performance, including the
41 payment of legal fees, except where the liability, cost, or damage
42 is predicated on or arises out of the bad faith of the member or

- 1 employee, or is a claim or judgment based on the member's or
 2 employee's malfeasance in office or employment.
- 3 (18) To prepare, make, enforce, amend, or repeal rules,
 4 regulations, and procedures:
- 5 (A) for the government and management of the schools,
 6 property, facilities, and activities of the school corporation, the
 7 school corporation's agents, employees, and pupils and for the
 8 operation of the governing body; and
- 9 (B) that may be designated by an appropriate title such as
 10 "policy handbook", "bylaws", or "rules and regulations".
- 11 (19) To ratify and approve any action taken by a member of the
 12 governing body, an officer of the governing body, or an employee
 13 of the school corporation after the action is taken, if the action
 14 could have been approved in advance, and in connection with the
 15 action to pay the expense or compensation permitted under
 16 IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
 17 IC 20-48-1 or any other law.
- 18 (20) To exercise any other power and make any expenditure in
 19 carrying out the governing body's general powers and purposes
 20 provided in this chapter or in carrying out the powers delineated
 21 in this section which is reasonable from a business or educational
 22 standpoint in carrying out school purposes of the school
 23 corporation, including the acquisition of property or the
 24 employment or contracting for services, even though the power or
 25 expenditure is not specifically set out in this chapter. The specific
 26 powers set out in this section do not limit the general grant of
 27 powers provided in this chapter except where a limitation is set
 28 out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12,
 29 and IC 20-48-1 by specific language or by reference to other law.
- 30 SECTION 11. IC 20-27-13 IS ADDED TO THE INDIANA CODE
 31 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 32 UPON PASSAGE]:
- 33 **Chapter 13. Termination of Transportation; Waiver**
- 34 **Sec. 1. As used in this chapter, "eligible student" means an**
 35 **individual who in any part of a school year:**
- 36 **(1) is enrolled in a school corporation;**
 37 **(2) has legal settlement in the school corporation;**
 38 **(3) attended school in the school corporation's taxing district;**
 39 **and**
 40 **(4) is not required by federal or state law to receive**
 41 **transportation services to and from school.**
- 42 **Sec. 2. This chapter applies to a school corporation that carried**

1 out a general program in at least one (1) school year beginning
2 after June 30, 2010, to provide transportation to and from school
3 for eligible students.

4 Sec. 3. Except as provided in section 7 of this chapter, a school
5 corporation described in section 2 of this chapter shall carry out a
6 program to provide transportation to and from school for all
7 eligible students in any part of a school year beginning after June
8 30, 2012, unless the governing body of the school corporation:

9 (1) approves the termination of the transportation program;
10 and

11 (2) provides public notice of the date after which the
12 transportation will no longer be provided under the
13 transportation program;

14 at least three (3) years before the date after which the
15 transportation will no longer be provided under the transportation
16 program.

17 Sec. 4. Transportation provided in a transportation program
18 required under section 3 of this chapter may be limited by the
19 school corporation's governing body to children residing a
20 minimum distance from a school if the governing body includes
21 facts in the resolution setting the minimum distance that
22 demonstrate that each child residing less than the minimum
23 distance for the school can safely walk to and from the school
24 unattended by an adult during the regular hours that the child
25 would ordinarily be coming to or from the school.

26 Sec. 5. Transportation provided under a transportation
27 program required under section 3 of this chapter may be limited
28 by the school corporation's governing body to providing
29 transportation to school immediately before the beginning of an
30 instructional day (described in IC 20-30-2-2) and from school
31 immediately after the end of an instructional day (described in
32 IC 20-30-2-2) without additional accommodations for participation
33 in extracurricular activities.

34 Sec. 6. Transportation provided under a transportation
35 program required under section 3 of this chapter must be
36 otherwise in accordance with applicable law.

37 Sec. 7. (a) A school corporation may petition the department in
38 writing to waive the requirement imposed by section 3 of this
39 chapter.

40 (b) A petition under subsection (a) must:

41 (1) demonstrate that the waiver request was approved by the
42 governing body for the school corporation;

1 **(2) describe the transportation services that will be provided**
 2 **to students who are required by federal or state law to receive**
 3 **transportation services to and from school;**

4 **(3) present a written plan that provides for the safe movement**
 5 **of eligible students to and from school; and**

6 **(4) include any other information required by the department.**

7 **Sec. 8. If a petition complies with section 7 of this chapter, the**
 8 **department shall conduct a public hearing on the petition in the**
 9 **district served by the school corporation after giving notice of the**
 10 **public hearing under IC 5-3-1.**

11 **Sec. 9. If, based on the information contained in the petition and**
 12 **provided in the public hearing or otherwise made available to the**
 13 **department, the department determines that the plan presented by**
 14 **the school corporation, with or without revisions required by the**
 15 **department:**

16 **(1) will protect the safety of eligible students enrolled in the**
 17 **school corporation; and**

18 **(2) is otherwise in accordance with applicable law;**

19 **the department may waive the requirements imposed by section 3**
 20 **of this chapter.**

21 **Sec. 10. The department may condition a waiver under section**
 22 **9 of this chapter on the terms and conditions specified by the**
 23 **department. If a school corporation fails to comply with a term or**
 24 **condition of a waiver or the department discovers facts that**
 25 **indicate that the school corporation's plan:**

26 **(1) is not protecting the safety of eligible students enrolled in**
 27 **the school corporation; or**

28 **(2) is not otherwise in accordance with applicable law;**

29 **the department may issue an order under IC 4-21.5-3 or an**
 30 **emergency or temporary order under IC 4-21.5-4 specifying the**
 31 **actions that must be taken by the school corporation to correct the**
 32 **deficiency. The order may suspend or terminate the waiver**
 33 **granted under section 9 of this chapter beginning on the date**
 34 **specified by the department.**

35 SECTION 12. IC 20-40-2-4, AS ADDED BY P.L.2-2006,
 36 SECTION 163, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE UPON PASSAGE]: Sec. 4. **(a)** Except as provided by
 38 **subsection (b) or any other law, any lawful school expenses payable**
 39 **from any other fund of a school corporation, including debt service and**
 40 **capital outlay, but excluding costs attributable to transportation (as**
 41 **defined in IC 20-40-6-1); may be budgeted in and paid from the fund.**

42 **(b) Before January 1, 2016, costs attributable to transportation**

1 **(as defined in IC 20-40-6-1) may be budgeted in and paid from the**
 2 **fund. After December 31, 2015, costs attributable to transportation**
 3 **(as defined in IC 20-40-6-1) may not be budgeted in and paid from**
 4 **the fund.**

5 SECTION 13. IC 20-40-6-5, AS AMENDED BY P.L.234-2007,
 6 SECTION 229, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Subject to this chapter
 8 **and except as provided in IC 20-40-2-4(b)**, the fund is the exclusive
 9 fund to be used by a school corporation for the payment of costs
 10 attributable to transportation.

11 (b) Contracted transportation service costs transferred to the school
 12 bus replacement fund under IC 20-40-7 are payable from the school
 13 bus replacement fund.

14 SECTION 14. IC 20-46-5-4, AS AMENDED BY P.L.172-2011,
 15 SECTION 123, IS AMENDED TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2012]: Sec. 4. **(a)** Each school corporation may
 17 levy for a calendar year a property tax for the fund in accordance with
 18 the school bus acquisition plan adopted under this chapter. The levy
 19 imposed for the March 1, 2011, and January 15, 2012, assessment dates
 20 may not exceed the amount approved by the department of local
 21 government finance under section 5 of this chapter and IC 6-1.1-17. In
 22 setting the levy for the March 1, 2011, and January 15, 2012,
 23 assessment dates, the department of local government finance shall
 24 evaluate whether the levy proposed by a school corporation exceeds the
 25 reasonable needs of the school corporation to carry out the purposes of
 26 the fund and approve a levy that does not exceed the reasonable needs
 27 of the school corporation to carry out the purposes of this chapter. In
 28 making its determination, the department of local government finance
 29 may consider whether a school corporation has in a previous year
 30 transferred money from the fund to the school corporation's rainy day
 31 fund or a fund other than the school bus replacement fund. **Except as**
 32 **provided in subsections (b) and (c)**, a levy imposed for an assessment
 33 date after January 15, 2012, may not exceed an amount determined by
 34 multiplying:

- 35 (1) the school corporation's maximum permissible levy
 36 determined under this section for the previous year, after
 37 eliminating the effects of temporary excessive levy appeals and
 38 any other temporary adjustments made to the levy for the calendar
 39 year (regardless of whether the school corporation imposed the
 40 entire amount of the maximum permissible levy in the
 41 immediately preceding year); by
 42 (2) the assessed value growth quotient determined under

1 IC 6-1.1-18.5-2.

2 (b) The department of local government finance may, upon
3 petition by a school corporation, adjust the school corporation's
4 levy for the fund to reflect the school corporation's plan adopted
5 or amended under this chapter.

6 (c) In addition to the amount that a school corporation may levy
7 for a year under the school corporation's maximum permissible
8 levy determined under subsection (a), the school corporation may
9 also levy an amount equal to the following:

10 (1) For property taxes first due and payable in 2013, an
11 amount equal to:

12 (A) seventy-five percent (75%); multiplied by

13 (B) the amount of the pension neutrality line item, if any,
14 for the school corporation's school bus replacement fund
15 budget order for the 2011 budget year.

16 (2) For property taxes first due and payable in 2014, an
17 amount equal to:

18 (A) fifty percent (50%); multiplied by

19 (B) the amount of the pension neutrality line item, if any,
20 for the school corporation's school bus replacement fund
21 budget order for the 2011 budget year.

22 (3) For property taxes first due and payable in 2015, an
23 amount equal to:

24 (A) twenty-five percent (25%); multiplied by

25 (B) the amount of the pension neutrality line item, if any,
26 for the school corporation's school bus replacement fund
27 budget order for the 2011 budget year.

28 Any additional amounts that may be levied or are levied by a
29 school corporation under this subsection for a year shall not be
30 considered for purposes of determining the school corporation's
31 maximum permissible levy under subsection (a) for the following
32 year. This subsection expires January 1, 2017.

33 SECTION 15. [EFFECTIVE JULY 1, 2012] (a) There is
34 appropriated to the distressed school fund established by
35 IC 4-12-15-4, as added by this act, ten million dollars (\$10,000,000)
36 from the state general fund for the period beginning July 1, 2012,
37 and ending June 30, 2016. The amounts appropriated under this
38 SECTION may be used by the budget agency only for the purposes
39 of making loans authorized from the distressed school fund. The
40 budget agency may not make a loan from the distressed school
41 fund after December 31, 2015.

42 (b) This SECTION expires July 1, 2016."

- 1 Delete pages 2 through 21.
- 2 Page 22, delete lines 1 through 25.
- 3 Renumber all SECTIONS consecutively.
(Reference is to SB 226 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 13, Nays 0.

Senator Kenley, Chairperson