AN ACT to amend the Indiana Code concerning education.

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

SECTION 1. IC 5-1-5-2.5, AS AMENDED BY P.L.244-2017, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 2.5. (a) As used in this section, "eligible school corporation" means a school corporation (as defined in IC 36-1-2-17) that satisfies all the conditions required by this section.

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

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

(2) the annual debt service payment for the proposed refunding bonds;

for each year that the bonds that are being retired or refunded would have been outstanding.

(c) In order for a school corporation to be an eligible school corporation under this section, the school corporation must determine that the percentage computed under this subsection for the school corporation is at least twenty percent (20%), regarding the year for which the latest certified levies have been determined. A school corporation shall compute its percentage as follows:

(1) Compute the amount of credits granted under IC 6-1.1-20.6 against the school corporation's combined levy for the school corporation's:
(A) debt service fund, as described in IC 20-46-7-15; and
(B) operations fund (IC 20-46-8)
(C) racial balance fund (IC 20-46-3).

2) Compute the school corporation's levy for the school corporation's
   (A) operations fund, and
   (B) racial balance fund.

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

A school corporation that desires to be an eligible school corporation
under this section must submit a written request for a certification by
the department of local government finance that the computation of the
school corporation's percentage computed under this subsection is
correct. The department of local government finance shall, not later
than ten (10) working days after the date the department receives the
school corporation's request, certify the percentage computed under
this subsection for the school corporation.

(d) A school corporation that desires to be an eligible school
corporation under this section shall conduct a public hearing and
provide notice of the purpose of the hearing and the time, date, and
place of the hearing, published as required by IC 5-3-1, before the
school corporation may adopt a resolution under this section. At the
public hearing, the governing body must provide the following
information:

1) The annual debt service payments, applicable debt service tax
   rate, and total debt service payments for the bonds proposed to be
   retired or refunded.
2) The annual debt service payments, applicable debt service
   fund tax rate, and total debt service payments for the proposed
   refunding bonds.
3) The annual increment for each year that the bonds that are
   being retired or refunded would have been outstanding and any
   other benefits to be derived from issuing the refunding bonds.

(e) If at least one (1) taxpayer appearing at the public hearing under
subsection (d) objects to the proposed resolution and files a written
objection with the governing body of the school corporation and the
county auditor not more than ten (10) days after the public hearing, a
petition requesting the application of a petition and remonstrance
process may be filed not more than thirty (30) days after the public
hearing by one hundred (100) persons who are either owners of
property within the school corporation or registered voters residing

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within the school corporation. Except as provided in this subsection, the provisions of IC 6-1.1-20-3.1(b) governing the initiation of a petition and remonstrance process for a controlled project (including the provisions governing verification of petitions) apply to a petition under this subsection requesting the application of a petition and remonstrance process. The following apply if a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in this subsection:

(1) The petition and remonstrance process prescribed by IC 6-1.1-20-3.2(b) for controlled projects shall be used to determine whether the governing body of the school corporation may adopt a resolution under subsection (g) and issue refunding bonds as provided in subsection (g).

(2) The governing body of the school corporation may not adopt a resolution under subsection (g) and may not issue refunding bonds as provided in subsection (g) unless more individuals sign the petition for the bond refunding under this subsection than the number of individuals signing a remonstrance against the bond refunding under this subsection.

Except as provided in this subsection, the provisions of IC 6-1.1-20-3.2(b) governing the petition and remonstrance process for a controlled project apply to a petition and remonstrance process under this subsection.

(f) Except as provided in subsection (e), IC 6-1.1-20 does not apply to bonds issued under this section.

(g) A school corporation that desires to be an eligible school corporation under this section must, before January 1, 2019, and notwithstanding any other law, adopt a resolution that sets forth the following:

(1) The determinations made under subsection (c), including the department of local government finance's certification of the percentage computed under subsection (c).

(2) A determination providing for the:
   (A) issuance of bonds to refund not more than fifty percent (50%) of outstanding bonds or leases issued by or on behalf of the school corporation before January 1, 2009; and
   (B) payment of redemption premiums and the costs of the refunding.

(3) With respect to the refunding bonds, the following:
   (A) The maximum principal amount.
   (B) The maximum interest rate.
   (C) The annual lease or debt service payment.
(D) The final maturity date.
(E) The estimated amount of the increment that will occur for each year that the bonds that are being retired or refunded by the issuance of refunding bonds would have been outstanding.
(F) A finding that the annual debt service or lease payment on the refunding bonds will not increase the annual debt service or lease payment above the annual debt service or lease payment approved by the school corporation for the original project.

If the governing body adopts a resolution under this section, the governing body must publish notice of the adoption of the resolution as required by IC 5-3-1.

(h) An eligible school corporation may issue refunding bonds as permitted by this section. In addition, an eligible school corporation may extend the repayment period beyond the repayment period for the bonds that are being retired or refunded by the issuance of refunding bonds. However, the repayment period may be extended only once for a particular bond, and the extension may not exceed ten (10) years after the latest maturity date for any of the bonds being retired or refunded by the eligible school corporation under this section.

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

SECTION 2. IC 20-40-5 IS REPEALED [EFFECTIVE JULY 1, 2019]. (Racial Balance Fund).

SECTION 3. IC 20-46-3 IS REPEALED [EFFECTIVE JULY 1, 2019]. (Racial Balance Levy).

SECTION 4. [EFFECTIVE JULY 1, 2018] (a) As used in this SECTION, "racial balance fund" refers to the racial balance fund established by IC 20-40-5-4 (before its repeal by this act).

(b) As used in this SECTION, "operations fund" refers to the operations fund established under IC 20-40-18.

(c) Any money in a school corporation's racial balance fund on
January 1, 2019, must be transferred to the school corporation's operations fund.

(d) This SECTION expires July 1, 2019.
President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: ________________  Time: ________________

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