

HOUSE BILL No. 1423

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 20-18-2-14.5; IC 20-24-3-20; IC 20-25; IC 20-25.3; IC 20-26; IC 20-40-9-4; IC 20-46; IC 20-48-3-0.5.

Synopsis: Indianapolis public education corporation. Establishes the Indianapolis public education corporation (corporation) and board (corporation board). Establishes the duties and powers of the corporation and corporation board. Provides that the Indianapolis public schools school corporation (school city) is not subject to building closure or certain transfer of school building laws. Allows only certain authorizers to grant or renew charters for charter schools located within the geographic boundaries of the school city. Specifies authority and duties of the corporation related to imposition of property taxes. Provides that the corporation is authorized to pursue a controlled project, operating referendum, or school safety referendum (instead of the school city).

Effective: Upon passage.

Behning, McGuire

January 8, 2026, read first time and referred to Committee on Education.



Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1423

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

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

1 SECTION 1. IC 6-1.1-1-14.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. "Public education**
4 **corporation" refers to the Indianapolis public education**
5 **corporation established by IC 20-25.3-3-1.**

6 SECTION 2. IC 6-1.1-17-21.5 IS ADDED TO THE INDIANA
7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
8 [EFFECTIVE UPON PASSAGE]: **Sec. 21.5. After March 31, 2026,**
9 **the public education corporation has all the powers and shall**
10 **perform all the duties assigned to the school city (as defined in**
11 **IC 20-25-2-12) under this chapter related to the fixing and**
12 **reviewing of budgets, tax rates, and tax levies.**

13 SECTION 3. IC 6-1.1-18.5-2, AS AMENDED BY P.L.68-2025,
14 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana
16 nonfarm personal income" means the estimate of total nonfarm
17 personal income for Indiana in a calendar year as computed by the



1 federal Bureau of Economic Analysis using any actual data for the
 2 calendar year and any estimated data determined appropriate by the
 3 federal Bureau of Economic Analysis.

4 (b) Except as provided in subsections (c) and (e), for purposes of
 5 determining a civil taxing unit's maximum permissible ad valorem
 6 property tax levy for an ensuing calendar year, the civil taxing unit
 7 shall use the maximum levy growth quotient determined in the last
 8 STEP of the following STEPS:

9 STEP ONE: For each of the six (6) calendar years immediately
 10 preceding the year in which a budget is adopted under
 11 IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana
 12 nonfarm personal income for the calendar year by the Indiana
 13 nonfarm personal income for the calendar year immediately
 14 preceding that calendar year, rounding to the nearest
 15 one-thousandth (0.001).

16 STEP TWO: Determine the sum of the STEP ONE results.

17 STEP THREE: Divide the STEP TWO result by six (6), rounding
 18 to the nearest one-thousandth (0.001).

19 STEP FOUR: Determine the lesser of the following:

20 (A) The STEP THREE quotient.

21 (B) One and six-hundredths (1.06).

22 (c) Except as provided in subsection (f), a school corporation, **or, in**
 23 **the case of a school city (as defined in IC 20-25-2-12), the public**
 24 **education corporation**, shall use for its operations fund maximum
 25 levy calculation under IC 20-46-8-1 the maximum levy growth quotient
 26 determined in the last STEP of the following STEPS:

27 STEP ONE: Determine for each school corporation, the average
 28 annual growth in net assessed value using the three (3) calendar
 29 years immediately preceding the year in which a budget is
 30 adopted under IC 6-1.1-17-5 for the ensuing calendar year.

31 STEP TWO: Determine the greater of:

32 (A) zero (0); or

33 (B) the STEP ONE amount minus the sum of:

34 (i) the maximum levy growth quotient determined under
 35 subsection (b) minus one (1); plus

36 (ii) two-hundredths (0.02).

37 STEP THREE: Determine the lesser of:

38 (A) the STEP TWO amount; or

39 (B) four-hundredths (0.04).

40 STEP FOUR: Determine the sum of:

41 (A) the STEP THREE amount; plus

42 (B) the maximum levy growth quotient determined under



1 subsection (b).

2 STEP FIVE: Determine the greater of:

3 (A) the STEP FOUR amount; or

4 (B) the maximum levy growth quotient determined under
5 subsection (b).

6 (d) The budget agency shall provide the maximum levy growth
7 quotient for the ensuing year to civil taxing units, school corporations,
8 **the public education corporation (in the case of a school city (as**
9 **defined in IC 20-25-2-12)),** and the department of local government
10 finance before July 1 of each year.

11 (e) This subsection applies only for purposes of determining the
12 maximum levy growth quotient to be used in determining a civil taxing
13 unit's maximum permissible ad valorem property tax levy in calendar
14 years 2024, 2025, and 2026. For purposes of determining the maximum
15 levy growth quotient in calendar years 2024, 2025, and 2026, instead
16 of the result determined in the last STEP in subsection (b), the
17 maximum levy growth quotient is determined in the last STEP of the
18 following STEPS:

19 STEP ONE: Determine the result of STEP FOUR of subsection
20 (b), calculated as if this subsection was not in effect.

21 STEP TWO: Subtract one (1) from the STEP ONE result.

22 STEP THREE: Multiply the STEP TWO result by eight-tenths
23 (0.8).

24 STEP FOUR: Add one (1) to the STEP THREE result.

25 STEP FIVE: Determine the lesser of:

26 (A) the STEP FOUR result; or

27 (B) one and four-hundredths (1.04).

28 (f) This subsection applies only for purposes of determining the
29 maximum levy growth quotient to be used in determining a school
30 corporation's, **or, in the case of a school city (as defined in**
31 **IC 20-25-2-12), the public education corporation's,** operations fund
32 maximum levy in calendar years 2024, 2025, and 2026. For purposes
33 of determining the maximum levy growth quotient in calendar years
34 2024, 2025, and 2026, instead of the result determined in the last STEP
35 in subsection (c), the maximum levy growth quotient is determined in
36 the last STEP of the following STEPS:

37 STEP ONE: Determine the result of STEP FIVE of subsection (c),
38 calculated as if this subsection was not in effect.

39 STEP TWO: Subtract one (1) from the STEP ONE result.

40 STEP THREE: Multiply the STEP TWO result by eight-tenths
41 (0.8).

42 STEP FOUR: Add one (1) to the STEP THREE result.



STEP FIVE: Determine the lesser of:

- (A) the STEP FOUR result; or
- (B) one and four-hundredths (1.04).

SECTION 4. IC 6-1.1-20-0.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.3. (a) Subject to subsection (b), after March 31, 2026, a school city (as defined in IC 20-25-2-12) may not exercise the powers and duties under this chapter and instead the public education corporation assumes the powers and duties of the school city as set forth in IC 20-25.3-5.**

(b) Notwithstanding subsection (a), the county auditor shall distribute revenue collected from a levy imposed under this chapter to the school city.

SECTION 5. IC 20-18-2-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. "Public education corporation" refers to the Indianapolis public education corporation established by IC 20-25.3-3-1.**

SECTION 6. IC 20-24-3-20 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 20. (a) Beginning April 1, 2026, a charter may not be granted or renewed by an authorizer for a charter school located within the geographic boundaries of the school city (as defined in IC 20-25-2-12) except by one (1) of the following:**

- (1) The charter board.**
- (2) The executive (as defined in IC 36-1-2-5) of a consolidated city.**
- (3) The school city.**

(b) A charter school that was granted a charter before April 1, 2026, by an authorizer other than an authorizer listed in subsection (a) may continue operating with that authorizer until the term of the charter expires or is terminated, whichever occurs earlier. After the termination or expiration of the charter, a charter for a charter school described in subsection (a) may only be granted or renewed by an authorizer described in subsection (a).

SECTION 7. IC 20-25-3-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. The board of commissioners has all of the powers and duties established under this article except for the powers and duties granted to the Indianapolis public education corporation under IC 20-25.3.**

SECTION 8. IC 20-25-4-23 IS ADDED TO THE INDIANA CODE



AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 23. Notwithstanding any other law, after March 31, 2026, the school city may not issue bonds or otherwise incur indebtedness payable in whole or in part from a pledge of property tax revenue, excise tax revenue, or local income tax revenue.**

SECTION 9. IC 20-25.3 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 25.3. INDIANAPOLIS PUBLIC EDUCATION CORPORATION

Chapter 1. Scope of Authority

Sec. 1. The Indianapolis public education corporation exists and shall operate for the public purpose of establishing a unified student transportation, school property, and school performance system within the geographic boundaries of the school city that maximizes the efficient use of taxpayer provided resources, respects the decision making of individual public schools and the school city, and creates the best conditions for student learning and success.

Sec. 2. This article shall be liberally construed to effect the purposes of this article. If any other law or rule is inconsistent with this article, this article is controlling as to the administration and management of school property, transportation, and school performance within the geographic boundaries of the school city undertaken under this article.

Chapter 2. Definitions

Sec. 1. The definitions in:

- (1) this chapter; and**
- (2) except as provided in section 2 of this chapter, IC 20-25-2; apply throughout this article.**

Sec. 2. "Board of school commissioners" refers to the board of school commissioners established by IC 20-25-3-1.

Sec. 3. "Corporation" refers to the Indianapolis public education corporation established by IC 20-25.3-3-1.

Sec. 4. "Corporation board" refers to the Indianapolis public education corporation board established by IC 20-25.3-3-2.

Sec. 5. "Mayor" refers to the mayor of a consolidated city.

Sec. 6. "Participating school" means the following schools:

- (1) A school maintained by the school city.**
- (2) The following that are located within the geographic boundaries of the school city:**



1 (A) A participating innovation network school.

2 (B) A participating innovation network charter school.

3 (C) A charter school.

4 Sec. 7. "School property" means a building or real property
5 that is:

6 (1) leased or owned by the school city or a participating
7 school; and

8 (2) located within the geographic boundaries of the school
9 city.

10 Chapter 3. Indianapolis Public Education Corporation

11 Sec. 1. There is established in a county containing a consolidated
12 city for the public purposes set forth in this article a distinct
13 municipal corporation to be known as the Indianapolis Public
14 Education Corporation.

15 Sec. 2. (a) The corporation is governed by the Indianapolis
16 public education corporation board appointed under this section.

17 (b) The corporation board is comprised of the following nine (9)
18 members:

19 (1) Three (3) members appointed by the mayor who are
20 leaders of participating innovation network charter schools or
21 charter schools located within the geographic boundaries of
22 the school city.

23 (2) Three (3) members appointed by the mayor who are
24 members of the board of school commissioners.

25 (3) Three (3) members appointed by the mayor who have:

26 (A) expertise in management, capital planning, facilities,
27 transportation, or logistics; or

28 (B) experience in working with vulnerable student
29 populations and communities.

30 (c) All members of the corporation board must reside within the
31 geographic boundaries of the school city.

32 (d) The mayor shall appoint one (1) of the members of the
33 corporation board as chairperson of the corporation board.

34 Sec. 3. (a) The term of office of an appointed member of the
35 corporation board is four (4) years. The member's term begins on
36 July 1 after the appointment.

37 (b) Each member holds office for the term of appointment and
38 continues to serve after expiration of the appointment until a
39 successor is appointed and qualified. A member is eligible for
40 reappointment.

41 (c) If there is a vacancy in the corporation board, the mayor
42 shall fill the vacancy for the unexpired term.



(d) A vacancy occurs if a member dies, resigns, changes residence of the county, or ceases to be a:

(1) leader of a participating innovation network charter school or charter school located within the geographic boundaries of the school city; or

(2) member of the board of commissioners.

(e) A member of the corporation board serves at the pleasure of the mayor.

Sec. 4. (a) A majority of the corporation board members constitutes a quorum for a meeting. The corporation board may act by an affirmative vote of a majority of the corporation board.

(b) A vacancy in the membership of the corporation board does not impair the right of a quorum to exercise all rights and perform all duties of the corporation board.

Sec. 5. Meetings of the members of the corporation board shall be held at the call of the chairperson. The members shall meet at least once every three (3) months to attend to the business of the corporation.

Sec. 6. The members of the corporation board are not entitled to any salary, per diem, or other reimbursements or compensation to serve on the corporation board.

Sec. 7. The corporation board shall keep the corporation board's documents in the office of the corporation or in an electronic format. The corporation board shall record the aye and nay vote on the final passage of any item of business and on any other item if two (2) corporation board members request that the votes be recorded by ayes and nays.

Sec. 8. (a) The corporation board shall adopt rules of procedure for corporation board meetings. The corporation board may suspend the rules of procedure by unanimous vote of the members present at the meeting. The corporation board shall not suspend the rules of procedure beyond the duration of the meeting at which the suspension of rules occurs.

(b) The corporation board may exercise the powers to supervise internal affairs common to municipal legislative and administrative bodies.

Sec. 9. The corporation board shall exercise the executive and legislative powers of the corporation.

Sec. 10. (a) The corporation board shall appoint an individual recommended by the mayor as the executive director of the corporation.

(b) The executive director:



(1) must reside within the geographic boundaries of the school city;

(2) serves at the pleasure of the corporation board; and

(3) shall do the following:

(A) Administer, manage, and direct the affairs and activities of the corporation and any employees of the corporation in accordance with the policies and under the control and direction of the members of the corporation board.

(B) Approve all allowable expenses of the corporation or of any employee or consultant, and expenses incidental to the operation of the corporation.

(C) Perform other duties as may be directed by the members of the corporation board in carrying out the purposes of this article.

(c) The corporation board shall set the salaries of the executive director and any employees of the corporation.

Sec. 11. (a) Notwithstanding section 3 of this chapter, the following applies to the members initially appointed to the corporation board:

(1) The mayor shall appoint members to the corporation board not later than June 1, 2026.

(2) The term of each member begins on the date that the member is appointed under subdivision (1).

(3) The terms of the members are as follows:

(A) One (1) member appointed under section 2(b)(1), 2(b)(2), and 2(b)(3) of this chapter shall each serve until July 1, 2028.

(B) One (1) member:

(i) appointed under section 2(b)(1), 2(b)(2), and 2(b)(3) of this chapter; and

(ii) who is not a member described in clause (A) or (C); shall each serve until July 1, 2029.

(C) One (1) member:

(i) appointed under section 2(b)(1), 2(b)(2), and 2(b)(3) of this chapter; and

(ii) who is not a member described in clause (A) or (B); shall each serve until July 1, 2030.

(b) This section expires January 1, 3031.

Chapter 4. General Duties and Powers

Sec. 1. The corporation, in its corporate name, may do the following:



- (1) Sue and be sued in a court of competent jurisdiction.
- (2) Enter into contracts.
- (3) Acquire and dispose of real, personal, and mixed property by deed, purchase, gift, grant, devise, lease, condemnation, or otherwise.
- (4) Make and adopt appropriate regulations, orders, rules, and resolutions.
- (5) Do all things reasonable or necessary to carry out the work and perform the corporation's duties under this chapter.

Sec. 2. In carrying out the purpose of the corporation, the corporation board is granted all powers necessary or appropriate to do the following:

- (1) Control the management and operation of school property.
- (2) Establish a unified transportation plan and lead and oversee the provision of transportation of all students to and from participating schools within the geographic boundaries of the school city.
- (3) Develop and implement a single school performance framework described in section 3 of this chapter that applies to all participating schools.
- (4) Establish and manage a unified enrollment system applicable to all participating school students.
- (5) Ensure that, to the extent possible, school property is provided and made available to all participating schools on an equitable basis.
- (6) Develop and implement a formula that provides for the fair and equitable distribution of property taxes and other funds to the school city and participating schools.
- (7) Track qualitative and quantitative data to monitor outcomes and publicly report data in a manner prescribed by the mayor.
- (8) Make, execute, and enforce contracts and all other instruments necessary, convenient, or desirable for the purposes of the corporation, including entering into a contract with, as applicable, the school city and each participating school regarding:
 - (A) the management and operation of school property;
 - (B) provision of transportation of all students to and from participating schools within the geographic boundaries of the school city; and
 - (C) any other matters the corporation board determines is



- 1 necessary to carry out the purposes of the corporation.
- 2 **(9) Acquire, construct, erect, maintain, hold, and contract for**
- 3 **construction, erection, or maintenance of real estate, real**
- 4 **estate improvements, or an interest in real estate or real estate**
- 5 **improvements, as the corporation board considers necessary**
- 6 **for school purposes, including buildings, parts of buildings,**
- 7 **additions to buildings, rooms, gymnasiums, auditoriums,**
- 8 **playgrounds, playing and athletic fields, facilities for physical**
- 9 **training, buildings for administrative, office, warehouse,**
- 10 **repair activities, or housing school owned buses, landscaping,**
- 11 **walks, drives, parking areas, roadways, easements and**
- 12 **facilities for power, sewer, water, roadway, access, storm and**
- 13 **surface water, drinking water, gas, electricity, other utilities**
- 14 **and similar purposes, by purchase, either outright for cash (or**
- 15 **under conditional sales or purchase money contracts**
- 16 **providing for a retention of a security interest by the seller**
- 17 **until payment is made or by notes where the contract, security**
- 18 **retention, or note is permitted by applicable law), by**
- 19 **exchange, by gift, by devise, by eminent domain, or by lease**
- 20 **with or without option to purchase.**
- 21 **(10) Repair, remodel, remove, or demolish, or to contract for**
- 22 **the repair, remodeling, removal, or demolition of the real**
- 23 **estate, real estate improvements, or interest in the real estate**
- 24 **or real estate improvements that the corporation owns, as the**
- 25 **corporation board considers necessary for school purposes.**
- 26 **(11) Acquire personal property or an interest in personal**
- 27 **property as the corporation board considers necessary for**
- 28 **school purposes, including buses, motor vehicles, equipment,**
- 29 **apparatus, and appliances, either by cash purchase or under**
- 30 **conditional sales or purchase money contracts providing for**
- 31 **a security interest by the seller until payment is made or by**
- 32 **notes where the contract, security, retention, or note is**
- 33 **permitted by applicable law, by gift, by devise, by loan, or by**
- 34 **lease with or without option to purchase and to repair,**
- 35 **remodel, remove, relocate, and demolish the personal**
- 36 **property. All purchases and contracts specified under the**
- 37 **powers authorized under subdivisions (9) and (10) and this**
- 38 **subdivision are subject solely to applicable law relating to**
- 39 **purchases and contracting by municipal corporations in**
- 40 **general and to the supervisory control of state agencies as**
- 41 **provided in section 8 of this chapter.**
- 42 **(12) To sell or exchange real or personal property or interest**



1 in real or personal property that, in the opinion of the
 2 corporation board, is not necessary for school purposes to
 3 demolish or otherwise dispose of the property if, in the
 4 opinion of the corporation board, the property is not
 5 necessary for school purposes and is worthless, and to pay the
 6 expenses for the demolition or disposition.

7 (13) Contract with or employ staff to execute the
 8 corporation's duties.

9 (14) Fix and pay the salaries of the executive director and any
 10 employees of the corporation.

11 (15) Maintain an office or offices at a place or places within
 12 the geographic boundaries of the school city as the
 13 corporation board may designate.

14 (16) To make budgets, to appropriate funds, and to disburse
 15 the money, as applicable, of the corporation in accordance
 16 with the formula established under subdivision (6). To borrow
 17 money against current tax collections and otherwise to
 18 borrow money, in accordance with IC 20-48-1.

19 (17) Procure insurance against any loss in connection with its
 20 property and other assets, including loans and loan notes in
 21 amounts and from insurers as the corporation board may
 22 consider advisable.

23 (18) To make all applications, to enter into all contracts, and
 24 to sign all documents necessary for the receipt of aid, money,
 25 or property from the state, the federal government, or from
 26 any other source.

27 (19) To defend a member of the corporation board or any
 28 employee of the corporation in any suit arising out of the
 29 performance of the member's or employee's duties for or
 30 employment with, the corporation, if the corporation board
 31 by resolution determined that the action was taken in good
 32 faith. To save any member or employee harmless from any
 33 liability, cost, or damage in connection with the performance,
 34 including the payment of legal fees, except where the liability,
 35 cost, or damage is predicated on or arises out of the bad faith
 36 of the member or employee, or is a claim or judgment based
 37 on the member's or employee's malfeasance as a member or
 38 in employment.

39 (20) To prepare, make, enforce, amend, or repeal rules,
 40 regulations, orders, and procedures:

41 (A) to carry out the purposes of the corporation; and

42 (B) that may be designated by an appropriate title such as



- 1 "policy handbook", "bylaws", or "rules and regulations".
- 2 (21) Regularly conduct assessments of school property.
- 3 (22) To exercise any other power and make any expenditure
- 4 in carrying out the general powers and purposes provided in
- 5 this article or in carrying out the powers delineated in this
- 6 section which is reasonable from a business or educational
- 7 standpoint in carrying out purposes of the corporation,
- 8 including the acquisition of property or the employment or
- 9 contracting for services, even though the power or
- 10 expenditure is not specifically set out in this chapter.
- 11 Sec. 3. (a) The corporation board shall:
- 12 (1) create a single school performance framework that applies
- 13 to all participating schools; and
- 14 (2) implement the framework not later than the 2027-2028
- 15 school year.
- 16 (b) The school performance framework must:
- 17 (1) set clear expectation for school performance;
- 18 (2) be based on multiple measures and metrics, including:
- 19 (A) academic performance measures, including the
- 20 performance assessment results under IC 20-31-8;
- 21 (B) student assessment outcomes;
- 22 (C) student discipline practices;
- 23 (D) student enrollment;
- 24 (E) physical condition of school property, including
- 25 deferred maintenance;
- 26 (F) short and long term financial health measures;
- 27 (G) organizational health and governance measures; and
- 28 (H) any additional measures relevant to student success as
- 29 determined by the corporation board; and
- 30 (3) include a requirement to close chronically low performing
- 31 participating schools.
- 32 Sec. 4. The corporation board may establish an advisory
- 33 committee to assist the corporation board in creating and
- 34 implementing the school performance framework described in
- 35 section 3 of this chapter.
- 36 Sec. 5. The corporation board may not implement a unified
- 37 transportation plan described in section 2(2) of this chapter unless
- 38 the corporation board submits the plan to the legislative council in
- 39 an electronic format under IC 5-14-6 at least one (1) calendar year
- 40 before the date the plan is implemented.
- 41 Sec. 6. The school city and all participating schools:
- 42 (1) are required to provide transportation to the students of



1 the school city or participating schools through the unified
 2 transportation plan established by the corporation board;
 3 (2) shall enter into contracts with the corporation board; and
 4 (3) shall comply with any applicable regulations, orders, rules,
 5 and resolutions adopted by the corporation board.

6 Sec. 7. The corporation is subject to required audits by the state
 7 board of accounts under IC 5-11-1-9.

8 Sec. 8. All powers delegated to the corporation under this
 9 chapter are subject to all applicable laws subjecting a school
 10 corporation to regulation by a state agency, including the secretary
 11 of education, state board of accounts, state police department, fire
 12 prevention and building safety commission, department of local
 13 government finance, environmental rules board, state school bus
 14 committee, Indiana department of health, and any local
 15 governmental agency to which the state has been delegated a
 16 specific authority in matters other than educational matters and
 17 other than finance, including plan commissions, zoning boards, and
 18 boards concerned with health and safety.

19 Sec. 9. Nothing in this article may be construed to impair a
 20 contract that was entered into before the effective date of this
 21 article. However, after the effective date of this article, the school
 22 city or a participating school may not enter into, renew, or extend
 23 a contract that is not in compliance with:

- 24 (1) this article;
- 25 (2) a contract entered into by the school city or participating
- 26 school under this article; or
- 27 (3) any regulation, order, rule, or resolution adopted by the
- 28 corporation board.

29 Chapter 5. Financial and Administrative Powers and Duties

30 Sec. 1. Beginning July 1, 2026, the corporation is liable for and
 31 must pay and discharge all of the outstanding indebtedness,
 32 liabilities, and obligations of the school city payable from a pledge
 33 of property tax revenue according to the existing terms and
 34 repayment schedule. The rights of the bondholders remain
 35 unchanged, although the liabilities of the school city become the
 36 responsibility of the corporation.

37 Sec. 2. After March 31, 2026, the school city may not take any
 38 action under the procedures set forth in IC 5-1 and instead the
 39 corporation shall assume the powers and duties of the school city
 40 under IC 5-1.

41 Sec. 3. After March 31, 2026, the corporation has all the powers
 42 and shall perform all the duties assigned to the school city under



1 IC 6-1.1-17 related to the fixing and reviewing of budgets, tax
 2 rates, and tax levies. The school city shall provide records and
 3 information as necessary for the corporation to carry out its duties.

4 Sec. 4. (a) Except as provided in subsections (b) and (c), after
 5 March 31, 2026, the school city may not take any action under the
 6 procedures set forth in IC 6-1.1-20 and instead the corporation
 7 shall assume the powers and duties of the school city under
 8 IC 6-1.1-20 in the territory of the school city.

9 (b) Notwithstanding subsection (a), property tax revenue
 10 received from a referendum debt service tax levy that is approved
 11 by the voters after March 31, 2026, shall be distributed to the
 12 school city in the manner provided under IC 6-1.1-20.

13 (c) A referendum debt service tax levy that is approved by the
 14 voters before April 1, 2026, shall continue to be imposed after
 15 March 31, 2026, and the school city shall continue to use the
 16 revenue from the referendum debt service levy to pay debt service
 17 on the same terms, for the same period of time, and for the same
 18 purposes for which it was originally approved by the voters.

19 Sec. 5. (a) Except as provided in subsections (b) and (c), after
 20 March 31, 2026, the school city may not take any action under the
 21 procedures set forth in IC 20-46-1 and instead the corporation
 22 shall assume the powers and duties of the school city under
 23 IC 20-46-1 in the territory of the school city.

24 (b) Notwithstanding subsection (a), property tax revenue
 25 received from an operating referendum tax levy that is approved
 26 by the voters after March 31, 2026, shall be distributed to the
 27 school city and applicable charter schools in the manner provided
 28 under IC 20-46-1.

29 (c) An operating referendum tax levy that is approved by the
 30 voters before April 1, 2026, shall continue to be imposed after
 31 March 31, 2026, through the end of the term and the school city
 32 shall continue to use the revenue from the operating referendum
 33 tax levy for the same purposes for which it was originally approved
 34 by the voters through the end of the term of the referendum.

35 Sec. 6. Beginning July 1, 2026, the corporation shall assume the
 36 powers and duties of the school city under IC 20-46-7, including
 37 control and management of the corresponding fund created under
 38 IC 20-40-9. Beginning with the January 1, 2027, assessment date,
 39 and for each assessment date thereafter, the corporation shall
 40 impose an annual property tax levy in the territory of the school
 41 city. Property tax revenue received from the tax levy shall be used
 42 to pay outstanding debts and obligations.



1 **Sec. 7. (a) Except as provided in subsection (b), beginning July**
 2 **1, 2026, the corporation shall assume the powers and duties of the**
 3 **school city to impose a levy under IC 20-46-8. Beginning with the**
 4 **January 1, 2027, assessment date, and for each assessment date**
 5 **thereafter, the corporation shall impose an annual property tax**
 6 **levy in the territory of the school city.**

7 **(b) Notwithstanding subsection (a), property tax revenue**
 8 **received from a tax levy imposed under IC 20-46-8 for assessment**
 9 **dates after December 31, 2026, shall be distributed to the school**
 10 **city and applicable charter schools in the manner provided under**
 11 **IC 20-46-8.**

12 **Sec. 8. (a) Except as provided in subsection (b), after March 31,**
 13 **2026, the school city may not take any action under the procedures**
 14 **set forth in IC 20-46-9 and instead the corporation shall assume the**
 15 **powers and duties of the school city under IC 20-46-9 in the**
 16 **territory of the school city.**

17 **(b) Notwithstanding subsection (a), property tax revenue**
 18 **received from a school safety referendum tax levy that is approved**
 19 **by the voters after March 31, 2026, shall be distributed to the**
 20 **school city and applicable charter schools in the manner provided**
 21 **under IC 20-46-9.**

22 SECTION 10. IC 20-26-7-47, AS AMENDED BY P.L.36-2024,
 23 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 UPON PASSAGE]: Sec. 47. (a) The following definitions apply
 25 throughout this section:

26 (1) "Covered school building" has the meaning set forth in
 27 IC 20-26-7.1-2.1.

28 (2) "Current school year" refers to a year in which the governing
 29 body is required to conduct a review of school building usage
 30 under subsection (c).

31 (3) "Enrollment" refers to the following:

32 (A) Except as provided in clause (B), students counted in
 33 ADM (as defined in IC 20-43-1-6) in the first count date for a
 34 school year fixed under IC 20-43-4-3.

35 (B) With regard to a school corporation, students counted in a
 36 school corporation's fall count of ADM minus all students
 37 counted in the fall count of ADM who are enrolled in eligible
 38 schools that:

39 (i) have entered into an agreement with the school
 40 corporation to participate as a participating innovation
 41 network charter school under IC 20-25.7-5; and

42 (ii) are included in the school corporation's fall ADM count.



(4) "Interested person" has the meaning set forth in IC 20-26-7.1-2.2.

(b) This section:

(1) applies to a school corporation only if:

(~~1~~) (A) the total student enrollment for in-person instruction in the school corporation in the current school year is at least ten percent (10%) less than the student enrollment for in-person instruction in the school corporation in a school year that precedes the current school year by five (5); and

(~~2~~) (B) the school corporation in the current school year has more than one (1) school building serving the same grade level as the school building subject to closure under this section;

and

(2) does not apply to a school city (as defined in IC 20-25-2-12).

(c) Each school year, the governing body of a school corporation shall review the usage of school buildings used by the school corporation to determine whether any school building should be closed for the ensuing school year and subsequent school years.

(d) A school corporation shall close a school building for the ensuing school year (and subsequent school years) if:

(1) at any time the school building had been used for classroom instruction;

(2) in the current school year and the two (2) school years immediately preceding the current school year the school building was underutilized for classroom instruction purposes or other allowable uses specified by this section;

(3) as of the end of the school year before the school building is required to be closed under this section, the school corporation was not subject to a transitional plan adopted by the governing body and approved by the department to use the school building for an allowable use not later than the next school year after the school building is otherwise required to be closed under this section;

(4) in the case of a school building that was used in any part in the current school year for instructional purposes, the school corporation has another school building:

(A) with sufficient capacity to take the students using the school building being considered for closure; and

(B) that does not require more than twenty (20) minutes of travel time by car or bus from the school building being considered for closure; and



(5) the school building is not a school building described in IC 20-26-7.1-1, IC 20-26-7.1-3(b), IC 20-26-7.1-3(c), or IC 20-26-7.1-3(d).

(e) For purposes of this section, a school building is underutilized in a school year if the school building is not used for any of the following allowable uses:

(1) The number of full-time equivalent students enrolled for in-person instruction in the school building on instructional days (as determined under IC 20-30-2) for instructional purposes, averaged over the current school year and the two (2) school years immediately preceding the current school year, is at least fifty percent (50%) of:

(A) the known classroom design capacity of the school building; or

(B) if the design capacity is not known, the average maximum full-time equivalent enrollment in any of the last twenty-five (25) years, as validated by records created or maintained by the department.

(2) The school corporation demonstrates through facts included in a resolution that the school building is being used and that it is financially prudent to continue to use the school building, considering all community resources, for a distinct student population that reasonably cannot be served through integration with the general school population, such as students attending an alternative education program (as defined in IC 20-30-8-1). However, to be an allowable use under this subdivision, the average number of full-time equivalent students using the school building in a school year for instructional purposes must be at least thirty percent (30%) of:

(A) the known classroom design capacity of the school building; or

(B) if the design capacity is not known, the average maximum full-time equivalent enrollment in any of the last twenty-five (25) years, as validated by records created or maintained by the department; and

(if multiple school buildings are used for the same purposes) combining the student populations into fewer school buildings is not reasonably feasible.

(3) The school corporation demonstrates through facts included in a resolution that the school building is being used and that it is financially prudent to continue to use the school building, considering all community resources, for administrative or other



1 school offices. However, to be an allowable use under this
 2 subdivision, at least fifty percent (50%) of the square footage of
 3 the school building must be used for offices, the personnel
 4 headquartered in the school building must consistently use the
 5 space for office purposes, and the occupancy cost of using the
 6 school building cannot be more than comparable office space that
 7 is available in the school district.

8 (4) The school corporation demonstrates through facts included
 9 in a resolution that the school building is being used and that it is
 10 financially prudent to continue to use the school building,
 11 considering all community resources, for storage. However, to be
 12 an allowable use under this subdivision, at least fifty percent
 13 (50%) of the square footage of the school building must be used
 14 for storage, on average the storage space must be used to capacity,
 15 and the cost of using the school building for storage must be less
 16 than comparable storage space that is available in the school
 17 district.

18 (5) The school corporation demonstrates through facts included
 19 in a resolution that the school building is being used and that it is
 20 financially prudent to continue to use the school building,
 21 considering all community resources, for a combination of office
 22 space and storage. However, to be an allowable use under this
 23 subdivision, at least fifty percent (50%) of the square footage of
 24 the school building must be used for a combination of office
 25 space and storage and:

26 (A) the personnel headquartered in the school building must
 27 consistently use the office space for office purposes, and the
 28 occupancy cost of using the office space, calculated using the
 29 costs of operating the school building, cannot be more than
 30 comparable office space that is available in the school district;
 31 and

32 (B) on average, the storage space must be used to capacity and
 33 the cost of using the school building for storage must be less
 34 than comparable storage space that is available in the school
 35 district.

36 (f) Closure of a school building that is:

37 (1) owned by the school corporation or any other entity that is
 38 related in any way to, or created by, the school corporation or the
 39 governing body; or

40 (2) jointly owned in the same manner by two (2) or more school
 41 corporations;

42 shall be carried out in conformity with IC 20-26-7.1.



(g) Before filing a petition under subsection (h), a charter school or state educational institution that is interested in a school corporation's school building must give written notice to the school corporation to determine whether an agreement can be reached regarding the school corporation making the school building available for lease or purchase under IC 20-26-7.1.

(h) If an agreement is not reached within forty-five (45) days after the date that the school corporation receives the notice under subsection (g), the charter school or state educational institution may petition the department to initiate or the department on its own may initiate a proceeding for a determination as to whether a school building meets the criteria for closure under this section or a covered school building that is no longer used for classroom instruction by a school corporation should be made available under IC 20-26-7.1. If a charter school or state educational institution petitions the department under this subsection, the charter school or state educational institution must provide a copy of the petition to the applicable school corporation.

(i) An interested person that is not otherwise a party to the proceeding may intervene in the proceeding under subsection (h) as a party. The school corporation has the burden of going forward with the evidence and the burden of proof to demonstrate that the school building does not meet the criteria for closure or the covered school building is not required to be made available under IC 20-26-7.1.

(j) Not more than sixty (60) days after receiving notice of a petition under subsection (h), the school corporation must:

(1) file a response to the petition that notifies the department that the school corporation:

(A) is not contesting the petition; or

(B) is contesting the petition and states the facts upon which the school corporation relies in contesting the petition; and

(2) provide a copy of the response to the petitioner and any intervening party.

(k) If the school corporation:

(1) files a response that the school corporation is not contesting the petition; or

(2) fails to submit a timely response under subsection (j);

the department shall issue an order granting the petition. A petition and any response or reply are public documents.

(l) If a school corporation contests a petition under subsection (j), a party to the proceeding has not more than sixty (60) days after the date that the school corporation files a response under subsection (j) to



1 submit a reply to the school corporation's response.

2 (m) The department shall make a determination regarding a petition
3 under subsection (h) not more than one hundred twenty (120) days after
4 the date that the:

5 (1) petitioner and any intervening party have submitted a reply
6 under subsection (l); or

7 (2) time period to reply under subsection (l) has expired.

8 (n) A school corporation or another party to the proceeding may file
9 with the state board a petition requesting review of the department's
10 determination. Upon receipt of a petition under this subsection, the
11 state board shall review the department's determination. An appeal to
12 the state board shall be subject to the procedure described in
13 IC 20-26-11-15(b).

14 (o) Upon the issuance of a final unappealable order granting a
15 petition, the school corporation shall make the school building
16 available for lease or purchase in accordance with IC 20-26-7.1.

17 SECTION 11. IC 20-26-7-48, AS ADDED BY P.L.189-2023,
18 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 UPON PASSAGE]: Sec. 48. (a) The following definitions apply
20 throughout this section:

21 (1) "Current school year" refers to a year in which the governing
22 body is required to conduct a review of school building usage
23 under section 47(c) of this chapter.

24 (2) "Enrollment" has the meaning set forth in section 47(a)(3) of
25 this chapter.

26 (b) This section:

27 (1) applies to a school corporation only if:

28 ~~(1)~~ (A) the total student enrollment for in-person instruction in
29 the school corporation in the current school year is at least ten
30 percent (10%) less than the student enrollment for in-person
31 instruction in the school corporation in a school year that
32 precedes the current school year by five (5); and

33 ~~(2)~~ (B) the school corporation in the current school year has
34 more than one (1) school building serving the same grade level
35 as a school building subject to closure under section 47 of this
36 chapter; and

37 (2) does not apply to a school city (as defined in
38 IC 20-25-2-12).

39 (c) Each school corporation shall annually report to the department,
40 in the form and on the schedule specified by the department, the
41 following information:

42 (1) A listing of all buildings owned or leased by the school



corporation that were originally designed as a school building.

(2) The following information for each building listed in subdivision (1):

(A) Designed occupancy, regardless of current use.

(B) Current use (and percentage of use) for classroom instruction, as special use classrooms, as office space, or as storage or alternatively the building's status as transitioning from one (1) use or combination of uses to another.

(C) The following information:

(i) Current average full-time equivalent student enrollment for in-person instruction in the school building on instructional days (as determined under IC 20-30-2) in a school year.

(ii) Percentage of instructional use.

(iii) Percentage of use for other purposes.

(D) Self-evaluation of whether the building qualifies for closure under section 47 of this chapter or the school board otherwise intends to close the building and the date closure will occur (if applicable).

SECTION 12. IC 20-26-7.1-1, AS AMENDED BY P.L.68-2025, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) For purposes of this section, "charter school" does not include a virtual charter school or an adult high school.

(b) This chapter does not apply to the following:

(1) A school building that since July 1, 2011, is leased or loaned by the school corporation that owns the school building to another entity, if the entity is not a building corporation or other entity that is related in any way to, or created by, the school corporation or the governing body.

(2) A school corporation to which all of the following apply:

(A) The county auditor distributes revenue after May 10, 2023, as required under IC 20-46-1-21 or IC 20-46-1-22 to each eligible charter school.

(B) If the school corporation listed in IC 20-46-9-22 receives revenue from a school safety referendum tax levy under IC 20-46-9, the county auditor distributes revenue after May 10, 2023, as required under IC 20-46-9-22 to each charter school described in IC 20-46-9-22(b).

The above subdivisions are intended to apply retroactively. No referendums or distributed revenue prior to May 10, 2023, are effective to provide exemption from this chapter.



(3) A school corporation to which all of the following apply:

(A) The school corporation approves a resolution after May 10, 2023, to impose an operating referendum tax levy under IC 20-46-1 after May 10, 2023, that includes sharing the revenue from the referendum tax levy in the amounts described in clause (B) with each charter school that:

- (i) a student who resides within the attendance area of the school corporation attends; and
- (ii) elects to participate in the referendum.

The above subdivisions are intended to apply retroactively. No resolutions, referendums, or distributed revenue prior to May 10, 2023, are effective to provide exemption from this chapter.

(B) The amount of referendum tax levy revenue that the school corporation is required to share with each charter school under the resolution described in clause (A) is equal to the amount determined applying the applicable formula under IC 20-46-1-21 or IC 20-46-1-22.

(C) The referendum tax levy described in clause (A) is approved by the voters.

(D) The school corporation distributes the amounts described in clause (B) to each charter school described in clause (A).

(E) If the school corporation receives revenue from a school safety referendum tax levy under IC 20-46-9, the school corporation shares the revenue from the school safety referendum tax levy with each charter school that:

- (i) a student who resides within the attendance area of the school corporation attends; and
- (ii) elects to participate in the referendum;

in an amount equal to the amount determined applying the formula under IC 20-46-9-22(d).

(4) A school city (as defined in IC 20-25-2-12).

(c) In order for any payment to a charter school to qualify as sharing of proceeds from a referendum for purposes of exemption from IC 20-26-7.1, the referendum must have been passed with prior notice to voters of all amounts of referendum proceeds to be paid to charter schools. Any claim of exemption based on payment of proceeds from a referendum passed without such notice is void.

SECTION 13. IC 20-40-9-4, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The governing body of each school corporation shall establish a debt service fund.

(b) Beginning July 1, 2026, and notwithstanding any other law,



1 the public education corporation is responsible for control and
 2 management of the debt service fund created by the governing
 3 body of a school city (as defined in IC 20-25-2-12), including
 4 making payments of debt service.

5 SECTION 14. IC 20-46-1-0.5 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. (a) Subject to subsection
 8 (b), after March 31, 2026, a school city (as defined in
 9 IC 20-25-2-12) may not exercise the powers and duties under this
 10 chapter and instead the public education corporation assumes the
 11 powers and duties of the school city as set forth in IC 20-25.3-5.

12 (b) Notwithstanding subsection (a), the county auditor shall:

13 (1) determine the amounts of revenue to be distributed to the
 14 school city and any charter schools as provided in section 21
 15 or 22 of this chapter, as applicable; and

16 (2) distribute revenue collected from a levy imposed under
 17 this chapter to the school city and any charter schools as
 18 provided in section 21 or 22 of this chapter, as applicable.

19 SECTION 15. IC 20-46-7-0.5 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. Beginning with property
 22 taxes first due and payable after December 31, 2027:

23 (1) a school city (as defined in IC 20-25-2-12) may not impose
 24 the property tax levy or otherwise exercise the powers and
 25 duties under this chapter; and

26 (2) the public education corporation shall impose the annual
 27 property tax levy under this chapter in the territory of the
 28 school city and assumes the powers and duties of the school
 29 city under this chapter as set forth in IC 20-25.3-5, including
 30 making debt service payments.

31 SECTION 16. IC 20-46-8-0.5 IS ADDED TO THE INDIANA
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS
 33 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. (a) Subject to subsection
 34 (b), beginning with property taxes first due and payable after
 35 December 31, 2027:

36 (1) a school city (as defined in IC 20-25-2-12) may not impose
 37 the property tax levy or otherwise exercise the powers and
 38 duties under this chapter; and

39 (2) the public education corporation shall impose the annual
 40 property tax levy under this chapter in the territory of the
 41 school city and assumes the powers and duties of the school
 42 city under this chapter as set forth in IC 20-25.3-5.



(b) Notwithstanding subsection (a), the county auditor shall:

(1) determine the amounts of revenue to be distributed to the school city and any charter schools as provided in section 11.2 or 12 of this chapter, as applicable; and

(2) distribute revenue collected from a levy imposed under this chapter to the school city and any charter schools as provided in section 11.2 or 12 of this chapter, as applicable.

SECTION 17. IC 20-46-9-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.5. (a) Subject to subsection (b), after March 31, 2026, a school city (as defined in IC 20-25-2-12) may not exercise the powers and duties under this chapter and instead, the public education corporation assumes the powers and duties of the school city as set forth in IC 20-25.3-5.

(b) Notwithstanding subsection (a), the county auditor shall:

(1) determine the amounts of revenue to be distributed to the school city and any charter schools as provided in this chapter; and

(2) distribute revenue collected from a levy imposed under this chapter to the school city and any charter schools as provided in this chapter.

SECTION 18. IC 20-48-3-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.5. After March 31, 2026, a school city may not exercise the powers and duties under this article and instead the public education corporation assumes the powers, duties, and responsibilities of the school city under this article as set forth in IC 20-25.3.

SECTION 19. An emergency is declared for this act.

