

PROPOSED AMENDMENT

HB 1423 # 16

DIGEST

Indianapolis public education corporation. Provides that the Indianapolis public education corporation (corporation) may issue bonds, enter leases, or otherwise incur indebtedness after March 31, 2026, and before July 1, 2027, only if the board of school commissioners of the school city first adopts a resolution approving the issuance of the bonds, entering into the lease, or incurring of indebtedness. Provides for the imposition of a debt service levy to pay outstanding obligations of the school city and obligations of the corporation. Establishes a corporation debt service fund. Provides, beginning April 1, 2026, and ending June 30, 2027, the reduction of distributions to pay for debt service obligations issued by the Indianapolis public education corporation must be made from reductions of distributions to the school city.

- 1 Page 6, line 12, after "levies." insert "**However, in exercising its**
- 2 **powers and responsibilities under this chapter, the public**
- 3 **education corporation shall account for and include any bonds,**
- 4 **leases, and other indebtedness incurred or issued under any law by**
- 5 **the school city (as defined in IC 20-25-2-12) before April 1, 2026.**".
- 6 Page 9, line 19, after "23." insert "(a)".
- 7 Page 9, between lines 23 and 24, begin a new paragraph and insert:
8 **"(b) The public education corporation may issue bonds, enter**
- 9 **into leases, or otherwise incur indebtedness after March 31, 2026,**
- 10 **and before July 1, 2027, only if the board established by**
- 11 **IC 20-25-3-1 first adopts a resolution approving the issuance of the**
- 12 **bonds, entering into the lease, or incurring of indebtedness."**.
- 13 Page 15, line 37, delete "To" and insert "**Subject to subsection (c),**
- 14 **to**".
- 15 Page 15, line 39, after "IC 20-48-1." insert "**Borrowing by the**
- 16 **corporation, when considered in addition to indebtedness of the**
- 17 **school city, may not equal an aggregate amount that exceeds the**
- 18 **debt limitation described by IC 36-1-15-6 for the school city.**".
- 19 Page 16, between lines 40 and 41, begin a new paragraph and insert:
20 **"(c) The public education corporation may issue bonds, enter**
- 21 **into leases, or otherwise incur indebtedness after March 31, 2026,**
- 22 **and before July 1, 2027, only if the local board of school**
- 23 **commissioners established by IC 20-25-3-1 first adopts a resolution**

1 **approving the issuance of the bonds, entering into the lease, or**
2 **incurring of indebtedness.".**

3 Page 16, line 41, delete "(c)" and insert "(d)".

4 Page 19, line 6, delete "Nothing" and insert "**(a) Subject to**
5 **subsection (b), nothing".**

6 Page 19, between lines 15 and 16, begin a new paragraph and insert:

7 **"(b) Notwithstanding subsection (a), the school city may**
8 **continue to enter into, renew, or extend any contract with respect**
9 **to the proceeds of bonds, leases, and other obligations issued or**
10 **entered into by the school city before April 1, 2026, pursuant to**
11 **IC 6-1.1-20, IC 20-48-1, IC 20-47-2, and IC 20-47-3. The**
12 **corporation may not impair any such contracts with respect to the**
13 **existing proceeds.".**

14 Page 20, line 24, delete "Beginning" and insert "**(a) Subject to**
15 **subsection (b), beginning".**

16 Page 20, line 25, delete ", including" and insert "**with respect to**
17 **imposition of a debt service levy.".**

18 Page 20, delete line 26.

19 Page 20, line 27, delete "IC 20-40-9.".

20 Page 20, line 28, delete "shall" and insert "**shall impose both:**

21 **(1) an annual property tax levy in the territory of the school**
22 **city sufficient to pay all obligations of the school city; and**
23 **(2) an annual property tax levy in the territory of the school**
24 **city sufficient to pay all obligations of the corporation.**

25 **Property tax revenue received from the tax levies shall be used to**
26 **pay outstanding debts and obligations in the manner set forth in**
27 **subsection (b) and IC 20-46-7-0.5.**

28 **(b) Property tax revenue received from the debt service levy**
29 **described in IC 20-47-7-0.5(a)(2)(A) that is imposed for the**
30 **purpose of paying all obligations of the school city must be**
31 **deposited in the school city's debt service fund established under**
32 **IC 20-40-9 and may be used only to pay the obligations of the**
33 **school city. The school city shall use the revenue from the debt**
34 **service levy to pay debt service on the same terms, for the same**
35 **period of time, and for the same purposes for which the obligation**
36 **was initially authorized.".**

37 Page 20, delete lines 29 through 31.

38 Page 21, between lines 29 and 30, begin a new paragraph and insert:

39 **"Chapter 7. Indianapolis Public Education Corporation Debt**
40 **Service Fund**

1 **Sec. 1. As used in this chapter, "debt service" includes bonds**
2 **and coupons, civil bond obligations, lease rental contracts, and**
3 **interest cost on emergency and temporary loans.**

4 **Sec. 2. As used in this chapter, "fund" refers to a debt service**
5 **fund established under section 3 of this chapter.**

6 **Sec. 3. The corporation shall establish a debt service fund for**
7 **purposes of paying the obligations of the corporation.**

8 **Sec. 4. (a) The debt service fund shall be used to deposit revenue**
9 **received from the debt service levy imposed under IC 20-46-7 for**
10 **the purpose of paying all obligations of the corporation.**

11 **(b) Money in the debt service fund may be used for payment of**
12 **the following:**

13 **(1) All debt and other obligations arising out of funds**
14 **borrowed or advanced for school buildings when purchased**
15 **from the proceeds of a bond issue for capital construction.**

16 **(2) A lease to provide capital construction.**

17 **(3) Interest on emergency and temporary loans.**

18 **(4) All debt and other obligations arising out of funds**
19 **borrowed or advanced for the purchase or lease of school**
20 **buses when purchased or leased from the proceeds of a bond**
21 **issue, or from money obtained from a loan made under**
22 **IC 20-27-4-5, for that purpose.**

23 **(5) All debt and other obligations arising out of funds**
24 **borrowed to pay judgments against the corporation.**

25 **(6) All debt and other obligations arising out of funds**
26 **borrowed to purchase equipment.**

27 **Sec. 5. Money in the fund may not be used for payment of debt**
28 **service, lease payments, or similar obligations for a controlled**
29 **project that is approved by the voters in a referendum under**
30 **IC 6-1.1-20.**

31 **Sec. 6. (a) Lease rental obligations on account of leases entered**
32 **into under IC 20-47-2 or IC 20-47-3 may be paid by a corporation**
33 **from the debt service fund.**

34 **(b) Payments described in subsection (a) must be provided for**
35 **in the annual budget for the fund from which the payment is**
36 **made.".**

37 Page 29, delete lines 4 through 20.

38 Page 29, line 37, after "0.5." insert "(a)".

39 Page 29, line 42, delete "impose the annual" and insert "impose
40 both:

(A) an annual property tax levy in the territory of the school city sufficient to pay all obligations of the school city; and

(B) an annual property tax levy in the territory of the school city sufficient to pay all obligations of the corporation.

(b) Property tax revenue received from the:

(1) property tax levy described in subsection (a)(2)(A) shall be deposited in the debt service fund established by the school city under IC 20-40-9 and used to pay debt service on the same terms, for the same period of time, and for the same purposes for which the obligation was initially authorized; and

(2) property tax levy described in subsection (a)(2)(B) shall be deposited in the public education corporation's debt service fund established by IC 20-25-7-3 and used for the purposes of the fund.".

Page 30, delete lines 1 through 4.

Page 44, line 24, after "15." delete "The" and insert "**(a) Except as provided in subsection (b), the**".

Page 44, line 26, after "chapter." begin a new paragraph and insert:

"(b) The lessor corporation may acquire, own, and hold in fee simple the land by agreement and conveyance with a school corporation or with the public education corporation subject to the conditions of this section. The lessor corporation may lease such a school building directly to the public education corporation or to a school corporation. If the lessor corporation leases such a school building to a school corporation, the school corporation may assign or sublet its lease to the public education corporation.

(c)".

Page 55, line 16, after "13." delete "The" and insert "**(a) Except as provided in subsection (b), the**".

Page 55, line 18, after "chapter." begin a new paragraph and insert:

"(b) The lessor corporation may acquire, own, and hold in fee simple the land by agreement and conveyance with a school corporation or with the public education corporation subject to the conditions of this section. The lessor corporation may lease such a school building directly to the public education corporation or to a school corporation. If the lessor corporation leases such a school building to a school corporation, the school corporation may assign

1 **or sublet its lease to the public education corporation.**

2 **(c)".**

3 Page 59, between lines 17 and 18, begin a new paragraph and insert:

4 "SECTION 64. IC 20-48-1-11, AS AMENDED BY P.L.9-2024,

5 SECTION 403, IS AMENDED TO READ AS FOLLOWS

6 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) ~~As used in this section,~~

7 **The following definitions apply throughout this section:**

8 (1) "Debt service obligations" refers to the principal and interest
9 payable:

10 (1) **(A)** on a school corporation's general obligation bonds and
11 lease rentals under IC 20-47-2 and IC 20-47-3; or

12 (2) **(B)** to a school corporation's designated paying agent under
13 a written agreement entered into in connection with the
14 issuance of the school corporation's general obligation bonds.

15 **(2) Beginning April 1, 2026, and ending June 30, 2027, and
16 subject to subsection (f), "school corporation" means:**

17 **(A) a school corporation (as defined in IC 20-18-2-16;**
18 **(B) the Indianapolis public education corporation
19 established by IC 20-25.3-3-1.**

20 **This subdivision expires July 1, 2027.**

21 (b) Before the end of each calendar year, the department of local
22 government finance shall review the bond and lease rental levies, or
23 any levies that replace bond and lease rental levies, of each school
24 corporation that are payable in the next succeeding calendar year and
25 the appropriations from the levies from which the school corporation
26 is to pay the amount, if any, of the school corporation's debt service
27 obligations for that next succeeding calendar year. If the levies and
28 appropriations of the school corporation are not sufficient to pay the
29 debt service obligations for the next succeeding calendar year, the
30 department of local government finance shall establish for each school
31 corporation:

32 (1) bond or lease rental levies, or any levies that replace the bond
33 and lease rental levies; and

34 (2) appropriations;

35 that are sufficient to pay the debt service obligations for that next
36 succeeding calendar year.

37 (c) Upon the failure of a school corporation to pay any of the school
38 corporation's debt service obligations when due, the treasurer of state,
39 upon being notified of the failure by a claimant, shall within five (5)
40 days, excluding Saturdays, Sundays, and legal holidays, pay the unpaid

1 debt service obligations that are due from the funds of the state in an
2 amount equal to the amount of the unpaid debt service obligations that
3 are due to the claimant, but only to the extent that amounts described
4 in subsection (d) are available to the treasurer of state to fulfill the
5 requirements of this subsection. Notwithstanding IC 4-13-2-18,
6 IC 20-43-2-1, or any other law, administrative rule, policy, or schedule
7 to the contrary, upon the treasurer of state receiving a request from a
8 claimant as described in this subsection the treasurer of state shall
9 immediately contact the school corporation and the claimant to confirm
10 whether the school corporation is unable to make the required payment
11 on the date on which it is due, and, if confirmed, the treasurer of state
12 shall provide notice of the request to the budget director, the state
13 comptroller, and any department or agency of the state responsible for
14 distributing funds appropriated by the general assembly for distribution
15 to the school corporation from state funds. A department or agency of
16 the state shall, not later than three (3) days after receiving the treasurer
17 of state's notice, excluding Saturdays, Sundays, or legal holidays,
18 transfer the funds and make the funds available to the treasurer of state
19 in order for the treasurer of state to fulfill the obligations of this
20 subsection.

21 (d) Notwithstanding any other law to the contrary, amounts made
22 available to the treasurer of state for purposes of subsection (c) shall be
23 made from the following sources, in the following amounts, and in the
24 following order of priority:

25 (1) First, from amounts appropriated by the general assembly for
26 the state fiscal year for distribution to the school corporation from
27 state funds.

28 (2) Second, and to the extent that the amounts described in
29 subdivision (1) are insufficient, from any remaining amounts
30 appropriated by the general assembly for distribution for tuition
31 support in each state fiscal year in excess of the aggregate amount
32 of tuition support needed for distribution to school corporations
33 in accordance with the schedule set and approved in accordance
34 with IC 20-43-2-1.

35 (3) Third, and to the extent that the amounts described in
36 subdivisions (1) and (2) are insufficient and the general assembly
37 has adopted a biennial budget appropriating amounts in the
38 immediately succeeding state fiscal year for distribution to the
39 school corporation from state funds, then from such fund or
40 account, as determined by the state budget director, from which

1 fund or account there is appropriated to the treasurer of state in
2 the current state fiscal year an amount equal to the lesser of:

3 (A) the unpaid debt service obligations not paid from sources
4 described in subdivisions (1) and (2); or

5 (B) the amount appropriated by the general assembly for the
6 immediately succeeding state fiscal year for distribution to the
7 school corporation from state funds, subject to IC 4-13-2-18(i).

8 (e) Notwithstanding any other law to the contrary, if any amounts
9 are transferred to the treasurer of state under subsection (c), the
10 applicable department or agency shall recover those amounts by:

11 (1) deducting an amount equal to the transfer from any future
12 amounts to be distributed to the school corporation from state
13 funds appropriated by the general assembly; and

14 (2) transferring any amount deducted under subdivision (1) to the
15 treasurer of state for the purpose of allowing the treasurer of state
16 to reimburse the fund or account from which the transfer was
17 made.

18 (f) A reduction of distributions to a school corporation under
19 subsection (e) must be made:

20 (1) first, from all funds except state tuition support; and

21 (2) second, from state tuition support.

22 (g) This section shall be interpreted liberally so that the state shall
23 to the extent legally valid ensure that the debt service obligations of
24 each school corporation are paid. However, this section does not create
25 a debt of the state.

26 **(h) Notwithstanding subsections (e) and (f), beginning April 1,
27 2026, and ending June 30, 2027, the reduction of distributions
28 under subsections (e) and (f) to pay for debt service obligations
29 issued by the Indianapolis public education corporation must be
30 made from the reduction of distributions to the school city (as
31 defined in IC 20-25-2-12). This subsection expires July 1, 2027."**

32 Renumber all SECTIONS consecutively.

(Reference is to HB 1423 as printed January 22, 2026.)