



Adopted	Rejected
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COMMITTEE REPORT

YES:	14
NO:	8

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1423, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 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),

1 **to".**

2 Page 15, line 39, after "IC 20-48-1." insert "**Borrowing by the**
3 **corporation, when considered in addition to indebtedness of the**
4 **school city, may not equal an aggregate amount that exceeds the**
5 **debt limitation described by IC 36-1-15-6 for the school city.**".

6 Page 16, between lines 40 and 41, begin a new paragraph and insert:

7 **"(c) The public education corporation may issue bonds, enter**
8 **into leases, or otherwise incur indebtedness after March 31, 2026,**
9 **and before July 1, 2027, only if the local board of school**
10 **commissioners established by IC 20-25-3-1 first adopts a resolution**
11 **approving the issuance of the bonds, entering into the lease, or**
12 **incurring of indebtedness."**.

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

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

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

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

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

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

28 Page 20, delete line 26.

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

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

31 **(1) an annual property tax levy in the territory of the school**
32 **city sufficient to pay all obligations of the school city; and**
33 **(2) an annual property tax levy in the territory of the school**
34 **city sufficient to pay all obligations of the corporation.**

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

38 **(b) Property tax revenue received from the debt service levy**

1 described in IC 20-47-7-0.5(a)(2)(A) that is imposed for the
2 purpose of paying all obligations of the school city must be
3 deposited in the school city's debt service fund established under
4 IC 20-40-9 and may be used only to pay the obligations of the
5 school city. The school city shall use the revenue from the debt
6 service levy to pay debt service on the same terms, for the same
7 period of time, and for the same purposes for which the obligation
8 was initially authorized.".

9 Page 20, delete lines 29 through 31.

10 Page 21, between lines 29 and 30, begin a new paragraph and insert:
11 **"Chapter 7. Indianapolis Public Education Corporation Debt
12 Service Fund**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 Page 29, delete lines 4 through 20.

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

13 Page 29, line 42, delete "impose the annual" and insert "impose
14 both:

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

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

21 **(b) Property tax revenue received from the:**

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

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

32 Page 30, delete lines 1 through 4.

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

35 Page 44, line 26, after "chapter." begin a new paragraph and insert:
36 **"(b) The lessor corporation may acquire, own, and hold in fee**
37 **simple the land by agreement and conveyance with a school**
38 **corporation or with the public education corporation subject to the**

1 **conditions of this section. The lessor corporation may lease such a**
2 **school building directly to the public education corporation or to**
3 **a school corporation. If the lessor corporation leases such a school**
4 **building to a school corporation, the school corporation may assign**
5 **or sublet its lease to the public education corporation.**

6 **(c)".**

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

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

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

18 **(c)".**

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

20 "SECTION 64. IC 20-48-1-11, AS AMENDED BY P.L.9-2024,
21 SECTION 403, IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) ~~As used in this section,~~
23 **The following definitions apply throughout this section:**

24 **(1) "Debt service obligations" refers to the principal and interest**
25 **payable:**

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

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

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

33 **(A) a school corporation (as defined in IC 20-18-2-16;**

34 **(B) the Indianapolis public education corporation**
35 **established by IC 20-25.3-3-1.**

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

37 (b) Before the end of each calendar year, the department of local
38 government finance shall review the bond and lease rental levies, or

1 any levies that replace bond and lease rental levies, of each school
2 corporation that are payable in the next succeeding calendar year and
3 the appropriations from the levies from which the school corporation
4 is to pay the amount, if any, of the school corporation's debt service
5 obligations for that next succeeding calendar year. If the levies and
6 appropriations of the school corporation are not sufficient to pay the
7 debt service obligations for the next succeeding calendar year, the
8 department of local government finance shall establish for each school
9 corporation:

10 (1) bond or lease rental levies, or any levies that replace the bond
11 and lease rental levies; and
12 (2) appropriations;

13 that are sufficient to pay the debt service obligations for that next
14 succeeding calendar year.

15 (c) Upon the failure of a school corporation to pay any of the school
16 corporation's debt service obligations when due, the treasurer of state,
17 upon being notified of the failure by a claimant, shall within five (5)
18 days, excluding Saturdays, Sundays, and legal holidays, pay the unpaid
19 debt service obligations that are due from the funds of the state in an
20 amount equal to the amount of the unpaid debt service obligations that
21 are due to the claimant, but only to the extent that amounts described
22 in subsection (d) are available to the treasurer of state to fulfill the
23 requirements of this subsection. Notwithstanding IC 4-13-2-18,
24 IC 20-43-2-1, or any other law, administrative rule, policy, or schedule
25 to the contrary, upon the treasurer of state receiving a request from a
26 claimant as described in this subsection the treasurer of state shall
27 immediately contact the school corporation and the claimant to confirm
28 whether the school corporation is unable to make the required payment
29 on the date on which it is due, and, if confirmed, the treasurer of state
30 shall provide notice of the request to the budget director, the state
31 comptroller, and any department or agency of the state responsible for
32 distributing funds appropriated by the general assembly for distribution
33 to the school corporation from state funds. A department or agency of
34 the state shall, not later than three (3) days after receiving the treasurer
35 of state's notice, excluding Saturdays, Sundays, or legal holidays,
36 transfer the funds and make the funds available to the treasurer of state
37 in order for the treasurer of state to fulfill the obligations of this
38 subsection.

23 (A) the unpaid debt service obligations not paid from sources
24 described in subdivisions (1) and (2); or
25 (B) the amount appropriated by the general assembly for the
26 immediately succeeding state fiscal year for distribution to the
27 school corporation from state funds, subject to IC 4-13-2-18(i).

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

31 (1) deducting an amount equal to the transfer from any future
32 amounts to be distributed to the school corporation from state
33 funds appropriated by the general assembly; and
34 (2) transferring any amount deducted under subdivision (1) to the
35 treasurer of state for the purpose of allowing the treasurer of state
36 to reimburse the fund or account from which the transfer was
37 made.

38 (f) A reduction of distributions to a school corporation under

1 subsection (e) must be made:

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

3 (2) second, from state tuition support.

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

8 **(h) Notwithstanding subsections (e) and (f), beginning April 1,
9 2026, and ending June 30, 2027, the reduction of distributions
10 under subsections (e) and (f) to pay for debt service obligations
11 issued by the Indianapolis public education corporation must be
12 made from the reduction of distributions to the school city (as
13 defined in IC 20-25-2-12). This subsection expires July 1, 2027."**

14 Renumber all SECTIONS consecutively.

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

and when so amended that said bill do pass.

Representative Thompson