

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 7118
BILL NUMBER: HB 1423

NOTE PREPARED: Jan 9, 2026
BILL AMENDED:

SUBJECT: Indianapolis Public Education Corporation.

FIRST AUTHOR: Rep. Behning
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Indianapolis Public Education Corporation (IPEC) and board (IPEC board). The bill establishes the duties and powers of IPEC and the IPEC board. It also provides that the Indianapolis Public Schools school corporation (IPS) is not subject to building closure or certain transfer of school building laws. The bill allows only certain authorizers to grant or renew charters for charter schools located within the geographic boundaries of IPS. The bill specifies authority and duties of IPEC related to imposition of property taxes. It also provides that IPEC is authorized to pursue a controlled project, operating referendum, or school safety referendum (instead of IPS).

Effective Date: Upon passage.

Explanation of State Expenditures: *Sale or Lease of School Buildings:* Current law requires school corporations to sell or lease certain school buildings for \$1. The bill exempts Indianapolis Public Schools (IPS) from that requirement, decreasing the number of school buildings available to be purchased or leased by a state educational institution (SEI) for \$1.

Explanation of State Revenues: *Charter School Authorizers:* Beginning April 1, 2026, the bill allows only the Indiana Charter School Board (ICSB), the Indianapolis Office of Education Innovation (OEI), and Indianapolis Public Schools (IPS) to authorize or renew charter schools located within the geographic boundary of IPS. If an interested SEI is prevented from authorizing a charter school, SEI revenue would decrease. If ICSB authorizes more charter schools, ICSB revenue would increase.

Additional Information - Statute allows charter school authorizers to charge an administrative fee capped at 3% of the tuition support received by a charter school. In FY 2024, ICSB charged an administrative fee of 0.75% of the total basic tuition support received by the charter school. Only one charter school currently located within the geographic boundary of IPS would not be able to renew its charter with its existing authorizer under the bill.

Explanation of Local Expenditures: *Indianapolis Public Education Corporation:* The bill establishes the

Indianapolis Public Education Corporation (IPEC) to establish a unified student transportation, school property, and school performance system within the geographic boundaries of IPS. The bill requires IPEC to have an executive director and would likely need staff in order to carry out its powers and duties. The cost of the salary, benefits, and any office space required by IPEC is unknown, but would be significant.

Transportation: Currently, not all charter schools within the IPS school district boundaries provide transportation for their students. Under the bill, IPEC would be required to establish a transportation plan that would eventually require all schools to provide transportation. This likely represents a local expenditure increase that would begin in FY 2028 at the earliest.

Workload: IPS currently must complete a report on its school buildings that is sent to the Department of Education. Under the bill, IPS would be exempt from that requirement. This represents a minor workload decrease.

Sale or Lease of School Buildings: The bill's exemption for IPS from the \$1 law may increase the future expenditures of a charter school. [See Explanation of State Expenditures.]

Additional Information - Powers and Duties: Under the bill, IPEC is a municipal corporation with the powers necessary to complete the duties and responsibilities specified in the bill. IPEC's responsibilities include, but are not limited to:

1. Control the management and operation of school property, including repairing, demolishing, selling, and purchasing school buildings.
2. Establish a unified transportation plan and oversee transportation services.
3. Develop a school performance framework by FY 2028 that includes conditions for closing chronically underperforming schools.
4. Develop a formula for the distribution of property taxes and other revenue among all the schools under IPEC's control.
5. Make, execute, and enforce contracts between IPEC and the schools under its control.
6. Impose property tax levies.

Explanation of Local Revenues: Revenue Sharing: The bill requires IPEC to establish a formula used to equitably distribute property tax and other revenue among IPS and all the charter schools within the IPS district boundaries. Over time, IPEC would take over the responsibility of imposing property tax levies. Ultimately, the impact on individual schools is dependent upon the decisions made by IPEC regarding:

1. The imposition of property tax levies;
2. Borrowing made on behalf of schools; and
3. The formula to distribute revenue to all the schools under IPEC's control.

IPEC: IPEC could receive revenue from contracts with schools regarding the management and operation of school properties, providing transportation services, or any other matters IPEC determines is needed in order to carry out its duties and responsibilities.

Charter School Authorizers: The bill could increase OEI and IPS administrative fee revenue. The OEI charged an administrative fee of 1% of a school's foundation grant revenue in FY 2024. [See Explanation of State Expenditures.]

Sale or Lease of School Buildings: The bill may increase revenue for IPEC dependent on the market rate value of a building that would have otherwise been required to be sold or leased for \$1. [See Explanation of

State Expenditures.]

Additional Information - Revenue Sharing: With the exception of the debt service levy, property tax revenue would continue to be distributed to IPS and charter schools in the same way it is under current law. IPEC would have the authority to take on debt for any of the schools under its jurisdiction and utilize the debt service levy to pay loans. In addition to property taxes, other local revenue sources that IPEC would distribute to schools include the commercial vehicle excise tax, financial institution tax, and the license excise tax.

State Agencies Affected: State educational institutions; Indiana Charter School Board.

Local Agencies Affected: All public schools within Indianapolis Public School's geographic boundaries; Indianapolis Office of Education Innovation.

Information Sources: Charter School Authorizer Reports,
<https://www.in.gov/sboe/charter-schools/authorizer-annual-reports/>.

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