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HOUSE BILL No. 1423

Proposed Changes to introduced printing by AM142307

DIGEST OF PROPOSED AMENDMENT

School performance framework. Provides that the school performance framework must include authority to close chronically low performing participating schools based on the measures and metrics of the school performance framework (instead of requiring closure of chronically low performing participating schools). Provides that before closing a participating school the Indianapolis public education corporation shall solicit comments from the department of education and hold a public hearing regarding the proposed closure of the participating school.

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

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personal income for Indiana in a calendar year as computed by the federal Bureau of Economic Analysis using any actual data for the calendar year and any estimated data determined appropriate by the federal Bureau of Economic Analysis.

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

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

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

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

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

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

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

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

STEP TWO: Determine the greater of:

(A) zero (0); or

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

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

(ii) two-hundredths (0.02).

STEP THREE: Determine the lesser of:

(A) the STEP TWO amount; or

(B) four-hundredths (0.04).

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus



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

STEP FIVE: Determine the greater of:

(A) the STEP FOUR amount; or

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

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

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

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

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

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

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).

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

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

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

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



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**



1 this article except for the powers and duties granted to the
2 Indianapolis public education corporation under IC 20-25.3.

3 SECTION 8. IC 20-25-4-23 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: **Sec. 23. Notwithstanding any**
6 **other law, after March 31, 2026, the school city may not issue**
7 **bonds or otherwise incur indebtedness payable in whole or in part**
8 **from a pledge of property tax revenue, excise tax revenue, or local**
9 **income tax revenue.**

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

13 **ARTICLE 25.3. INDIANAPOLIS PUBLIC EDUCATION**
14 **CORPORATION**

15 **Chapter 1. Scope of Authority**

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

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

30 **Chapter 2. Definitions**

31 **Sec. 1. The definitions in:**

32 **(1) this chapter; and**

33 **(2) except as provided in section 2 of this chapter,**
34 **IC 20-25-2;**

35 **apply throughout this article.**

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

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

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

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

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

2 (1) A school maintained by the school city.

3 (2) The following that are located within the geographic
4 boundaries of the school city:

5 (A) A participating innovation network school.

6 (B) A participating innovation network charter school.

7 (C) A charter school.

8 **Sec. 7. "School property" means a building or real property**
9 **that is:**

10 (1) leased or owned by the school city or a participating
11 school; and

12 (2) located within the geographic boundaries of the school
13 city.

14 **Chapter 3. Indianapolis Public Education Corporation**

15 **Sec. 1. There is established in a county containing a**
16 **consolidated city for the public purposes set forth in this article a**
17 **distinct municipal corporation to be known as the Indianapolis**
18 **Public Education Corporation.**

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

21 (b) The corporation board is comprised of the following nine
22 (9) members:

23 (1) Three (3) members appointed by the mayor who are
24 leaders of participating innovation network charter schools
25 or charter schools located within the geographic boundaries
26 of the school city.

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

29 (3) Three (3) members appointed by the mayor who have:
30 (A) expertise in management, capital planning, facilities,
31 transportation, or logistics; or
32 (B) experience in working with vulnerable student
33 populations and communities.

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

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

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

41 (b) Each member holds office for the term of appointment and
42 continues to serve after expiration of the appointment until a



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1 successor is appointed and qualified. A member is eligible for
2 reappointment.

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

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

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

10 (2) member of the board of commissioners.

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

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

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

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

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

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

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

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

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



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

4 **(b) The executive director:**

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

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

8 **(3) shall do the following:**

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

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

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

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

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

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

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

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

30 **(A) One (1) member appointed under section 2(b)(1),**
 31 **2(b)(2), and 2(b)(3) of this chapter shall each serve until**
 32 **July 1, 2028.**

33 **(B) One (1) member:**

34 **(i) appointed under section 2(b)(1), 2(b)(2), and**
 35 **2(b)(3) of this chapter; and**

36 **(ii) who is not a member described in clause (A) or**
 37 **(C);**

38 **shall each serve until July 1, 2029.**

39 **(C) One (1) member:**

40 **(i) appointed under section 2(b)(1), 2(b)(2), and**
 41 **2(b)(3) of this chapter; and**

42 **(ii) who is not a member described in clause (A) or**



- 1 (B);
 2 shall each serve until July 1, 2030.
 3 (b) This section expires January 1, 3031.
 4 Chapter 4. General Duties and Powers
 5 Sec. 1. The corporation, in its corporate name, may do the
 6 following:
 7 (1) Sue and be sued in a court of competent jurisdiction.
 8 (2) Enter into contracts.
 9 (3) Acquire and dispose of real, personal, and mixed
 10 property by deed, purchase, gift, grant, devise, lease,
 11 condemnation, or otherwise.
 12 (4) Make and adopt appropriate regulations, orders, rules,
 13 and resolutions.
 14 (5) Do all things reasonable or necessary to carry out the
 15 work and perform the corporation's duties under this
 16 chapter.
 17 Sec. 2. In carrying out the purpose of the corporation, the
 18 corporation board is granted all powers necessary or appropriate
 19 to do the following:
 20 (1) Control the management and operation of school
 21 property.
 22 (2) Establish a unified transportation plan and lead and
 23 oversee the provision of transportation of all students to and
 24 from participating schools within the geographic boundaries
 25 of the school city.
 26 (3) Develop and implement a single school performance
 27 framework described in section 3 of this chapter that applies
 28 to all participating schools.
 29 (4) Establish and manage a unified enrollment system
 30 applicable to all participating school students.
 31 (5) Ensure that, to the extent possible, school property is
 32 provided and made available to all participating schools on
 33 an equitable basis.
 34 (6) Develop and implement a formula that provides for the
 35 fair and equitable distribution of property taxes and other
 36 funds to the school city and participating schools.
 37 (7) Track qualitative and quantitative data to monitor
 38 outcomes and publicly report data in a manner prescribed
 39 by the mayor.
 40 (8) Make, execute, and enforce contracts and all other
 41 instruments necessary, convenient, or desirable for the
 42 purposes of the corporation, including entering into a



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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 necessary to carry out the purposes of the corporation.

(9) Acquire, construct, erect, maintain, hold, and contract for construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate improvements, as the corporation board considers necessary for school purposes, including buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchase money contracts providing for a retention of a security interest by the seller until payment is made or by notes where the contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, or by lease with or without option to purchase.

(10) Repair, remodel, remove, or demolish, or to contract for the repair, remodeling, removal, or demolition of the real estate, real estate improvements, or interest in the real estate or real estate improvements that the corporation owns, as the corporation board considers necessary for school purposes.

(11) Acquire personal property or an interest in personal property as the corporation board considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, and appliances, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is



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permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish the personal property. All purchases and contracts specified under the powers authorized under subdivisions (9) and (10) and this subdivision are subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of state agencies as provided in section 8 of this chapter.

(12) To sell or exchange real or personal property or interest in real or personal property that, in the opinion of the corporation board, is not necessary for school purposes to demolish or otherwise dispose of the property if, in the opinion of the corporation board, the property is not necessary for school purposes and is worthless, and to pay the expenses for the demolition or disposition.

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

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

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

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

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

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

(19) To defend a member of the corporation board or any employee of the corporation in any suit arising out of the performance of the member's or employee's duties for or employment with, the corporation, if the corporation board by resolution determined that the action was taken in good faith. To save any member or employee harmless from any



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liability, cost, or damage in connection with the performance, including the payment of legal fees, except where the liability, cost, or damage is predicated on or arises out of the bad faith of the member or employee, or is a claim or judgment based on the member's or employee's malfeasance as a member or in employment.

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

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

(B) that may be designated by an appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(21) Regularly conduct assessments of school property.

(22) To exercise any other power and make any expenditure in carrying out the general powers and purposes provided in this article or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out purposes of the corporation, including the acquisition of property or the employment or contracting for services, even though the power or expenditure is not specifically set out in this chapter.

Sec. 3. (a) The corporation board shall:

(1) create a single school performance framework that applies to all participating schools; and

(2) implement the framework not later than the 2027-2028 school year.

(b) The school performance framework must:

(1) set clear expectation for school performance;

(2) be based on multiple measures and metrics, including:

(A) academic performance measures, including the performance assessment results under IC 20-31-8;

(B) student assessment outcomes;

(C) student discipline practices;

(D) student enrollment;

(E) physical condition of school property, including deferred maintenance;

(F) short and long term financial health measures;

(G) organizational health and governance measures; and

(H) any additional measures relevant to student success as determined by the corporation board; and

[(3) include ~~a requirement~~ authority to close chronically



low performing participating schools [based on the measures and metrics under this subsection].

[(c) Before a participating school may be closed as described in subsection (b)(3), the corporation shall:

(1) solicit comments from the department; and

(2) hold a public hearing;

regarding the proposed closure of the participating school.

¶¶ Sec. 4. The corporation board may establish an advisory committee to assist the corporation board in creating and implementing the school performance framework described in section 3 of this chapter.

Sec. 5. The corporation board may not implement a unified transportation plan described in section 2(2) of this chapter unless the corporation board submits the plan to the legislative council in an electronic format under IC 5-14-6 at least one (1) calendar year before the date the plan is implemented.

Sec. 6. The school city and all participating schools:

(1) are required to provide transportation to the students of the school city or participating schools through the unified transportation plan established by the corporation board;

(2) shall enter into contracts with the corporation board; and

(3) shall comply with any applicable regulations, orders, rules, and resolutions adopted by the corporation board.

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

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

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

(1) this article;



(2) a contract entered into by the school city or participating school under this article; or

(3) any regulation, order, rule, or resolution adopted by the corporation board.

Chapter 5. Financial and Administrative Powers and Duties

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

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

Sec. 3. After March 31, 2026, the corporation has all the powers and shall perform all the duties assigned to the school city under IC 6-1.1-17 related to the fixing and reviewing of budgets, tax rates, and tax levies. The school city shall provide records and information as necessary for the corporation to carry out its duties.

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

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

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

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

(b) Notwithstanding subsection (a), property tax revenue

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received from an operating referendum tax levy that is approved by the voters after March 31, 2026, shall be distributed to the school city and applicable charter schools in the manner provided under IC 20-46-1.

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

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

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

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

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

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

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



- 1 throughout this section:
- 2 (1) "Covered school building" has the meaning set forth in
- 3 IC 20-26-7.1-2.1.
- 4 (2) "Current school year" refers to a year in which the governing
- 5 body is required to conduct a review of school building usage
- 6 under subsection (c).
- 7 (3) "Enrollment" refers to the following:
- 8 (A) Except as provided in clause (B), students counted in
- 9 ADM (as defined in IC 20-43-1-6) in the first count date for
- 10 a school year fixed under IC 20-43-4-3.
- 11 (B) With regard to a school corporation, students counted in
- 12 a school corporation's fall count of ADM minus all students
- 13 counted in the fall count of ADM who are enrolled in
- 14 eligible schools that:
- 15 (i) have entered into an agreement with the school
- 16 corporation to participate as a participating innovation
- 17 network charter school under IC 20-25.7-5; and
- 18 (ii) are included in the school corporation's fall ADM
- 19 count.
- 20 (4) "Interested person" has the meaning set forth in
- 21 IC 20-26-7.1-2.2.
- 22 (b) This section:
- 23 (1) applies to a school corporation only if:
- 24 ~~(1)~~ (A) the total student enrollment for in-person instruction
- 25 in the school corporation in the current school year is at
- 26 least ten percent (10%) less than the student enrollment for
- 27 in-person instruction in the school corporation in a school
- 28 year that precedes the current school year by five (5); and
- 29 ~~(2)~~ (B) the school corporation in the current school year has
- 30 more than one (1) school building serving the same grade
- 31 level as the school building subject to closure under this
- 32 section; **and**
- 33 **(2) does not apply to a school city (as defined in**
- 34 **IC 20-25-2-12).**
- 35 (c) Each school year, the governing body of a school corporation
- 36 shall review the usage of school buildings used by the school
- 37 corporation to determine whether any school building should be closed
- 38 for the ensuing school year and subsequent school years.
- 39 (d) A school corporation shall close a school building for the
- 40 ensuing school year (and subsequent school years) if:
- 41 (1) at any time the school building had been used for classroom
- 42 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



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1 with the general school population, such as students attending an
 2 alternative education program (as defined in IC 20-30-8-1).
 3 However, to be an allowable use under this subdivision, the
 4 average number of full-time equivalent students using the school
 5 building in a school year for instructional purposes must be at
 6 least thirty percent (30%) of:

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

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

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

16 (3) The school corporation demonstrates through facts included
 17 in a resolution that the school building is being used and that it
 18 is financially prudent to continue to use the school building,
 19 considering all community resources, for administrative or other
 20 school offices. However, to be an allowable use under this
 21 subdivision, at least fifty percent (50%) of the square footage of
 22 the school building must be used for offices, the personnel
 23 headquartered in the school building must consistently use the
 24 space for office purposes, and the occupancy cost of using the
 25 school building cannot be more than comparable office space
 26 that is available in the school district.

27 (4) The school corporation demonstrates through facts included
 28 in a resolution that the school building is being used and that it
 29 is financially prudent to continue to use the school building,
 30 considering all community resources, for storage. However, to be
 31 an allowable use under this subdivision, at least fifty percent
 32 (50%) of the square footage of the school building must be used
 33 for storage, on average the storage space must be used to
 34 capacity, and the cost of using the school building for storage
 35 must be less than comparable storage space that is available in
 36 the school district.

37 (5) The school corporation demonstrates through facts included
 38 in a resolution that the school building is being used and that it
 39 is financially prudent to continue to use the school building,
 40 considering all community resources, for a combination of office
 41 space and storage. However, to be an allowable use under this
 42 subdivision, at least fifty percent (50%) of the square footage of



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the school building must be used for a combination of office space and storage and:

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

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

(f) Closure of a school building that is:

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

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

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



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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 submit a reply to the school corporation's response.

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

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

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

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

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

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

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



- 1 (2) "Enrollment" has the meaning set forth in section 47(a)(3) of
 2 this chapter.
 3 (b) This section:
 4 (1) applies to a school corporation only if:
 5 (~~1~~) (A) the total student enrollment for in-person instruction
 6 in the school corporation in the current school year is at
 7 least ten percent (10%) less than the student enrollment for
 8 in-person instruction in the school corporation in a school
 9 year that precedes the current school year by five (5); and
 10 (~~2~~) (B) the school corporation in the current school year has
 11 more than one (1) school building serving the same grade
 12 level as a school building subject to closure under section
 13 47 of this chapter; and
 14 (2) **does not apply to a school city (as defined in**
 15 **IC 20-25-2-12).**
 16 (c) Each school corporation shall annually report to the
 17 department, in the form and on the schedule specified by the
 18 department, the following information:
 19 (1) A listing of all buildings owned or leased by the school
 20 corporation that were originally designed as a school building.
 21 (2) The following information for each building listed in
 22 subdivision (1):
 23 (A) Designed occupancy, regardless of current use.
 24 (B) Current use (and percentage of use) for classroom
 25 instruction, as special use classrooms, as office space, or as
 26 storage or alternatively the building's status as transitioning
 27 from one (1) use or combination of uses to another.
 28 (C) The following information:
 29 (i) Current average full-time equivalent student
 30 enrollment for in-person instruction in the school
 31 building on instructional days (as determined under
 32 IC 20-30-2) in a school year.
 33 (ii) Percentage of instructional use.
 34 (iii) Percentage of use for other purposes.
 35 (D) Self-evaluation of whether the building qualifies for
 36 closure under section 47 of this chapter or the school board
 37 otherwise intends to close the building and the date closure
 38 will occur (if applicable).
 39 SECTION 12. IC 20-26-7.1-1, AS AMENDED BY P.L.68-2025,
 40 SECTION 209, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) For purposes of this
 42 section, "charter school" does not include a virtual charter school or an



1 adult high school.

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

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

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

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

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

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

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

21 (A) The school corporation approves a resolution after May
22 10, 2023, to impose an operating referendum tax levy under
23 IC 20-46-1 after May 10, 2023, that includes sharing the
24 revenue from the referendum tax levy in the amounts
25 described in clause (B) with each charter school that:

26 (i) a student who resides within the attendance area of
27 the school corporation attends; and

28 (ii) elects to participate in the referendum.

29 The above subdivisions are intended to apply retroactively. No
30 resolutions, referendums, or distributed revenue prior to May 10,
31 2023, are effective to provide exemption from this chapter.

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

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

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

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

SECTION 14. IC 20-46-1-0.5 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 section 21 or 22 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 21 or 22 of this chapter, as applicable.

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



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

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

SECTION 16. IC 20-46-8-0.5 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), beginning with property taxes first due and payable after December 31, 2027:

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

(2) the public education corporation shall impose the annual property tax levy under this chapter in the territory of the school city and assumes the powers and duties of the school 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



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1 CODE AS A NEW SECTION TO READ AS FOLLOWS
2 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. After March 31, 2026, a**
3 **school city may not exercise the powers and duties under this**
4 **article and instead the public education corporation assumes the**
5 **powers, duties, and responsibilities of the school city under this**
6 **article as set forth in IC 20-25.3.**
7 SECTION 19. An emergency is declared for this act.
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