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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 6-1.1-14.5 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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1 personal income for Indiana in a calendar year as computed by the
 2 federal Bureau of Economic Analysis using any actual data for the
 3 calendar year and any estimated data determined appropriate by the
 4 federal Bureau of Economic Analysis.

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

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

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

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

20 STEP FOUR: Determine the lesser of the following:

- 21 (A) The STEP THREE quotient.
- 22 (B) One and six-hundredths (1.06).

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

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

32 STEP TWO: Determine the greater of:

- 33 (A) zero (0); or
- 34 (B) the STEP ONE amount minus the sum of:
 - 35 (i) the maximum levy growth quotient determined
 - 36 under subsection (b) minus one (1); plus
 - 37 (ii) two-hundredths (0.02).

38 STEP THREE: Determine the lesser of:

- 39 (A) the STEP TWO amount; or
- 40 (B) four-hundredths (0.04).

41 STEP FOUR: Determine the sum of:

- 42 (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).

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

2 STEP FIVE: Determine the lesser of:

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

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

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

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

20 SECTION 6. IC 20-24-3-20 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) **Beginning April 1,**
 23 **2026, a charter may not be granted or renewed by an authorizer**
 24 **for a charter school located within the geographic boundaries of**
 25 **the school city (as defined in IC 20-25-2-12) except by one (1) of the**
 26 **following:**

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

30 (3) **The school city.**

31 (b) **A charter school that was granted a charter before April**
 32 **1, 2026, by an authorizer other than an authorizer listed in**
 33 **subsection (a) may continue operating with that authorizer until**
 34 **the term of the charter expires or is terminated, whichever occurs**
 35 **earlier. After the termination or expiration of the charter, a**
 36 **charter for a charter school described in subsection (a) may only**
 37 **be granted or renewed by an authorizer described in subsection**
 38 **(a).**

39 SECTION 7. IC 20-25-3-0.5 IS ADDED TO THE INDIANA
 40 CODE AS A NEW SECTION TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. **The board of**
 42 **commissioners has all of the powers and duties established under**

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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.**



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**



(B);

shall each serve until July 1, 2030.

(b) This section expires January 1, 3031.

Chapter 4. General Duties and Powers

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

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

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

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

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1 contract with, as applicable, the school city and each
 2 participating school regarding:

- 3 (A) the management and operation of school property;
- 4 (B) provision of transportation of all students to and
- 5 from participating schools within the geographic
- 6 boundaries of the school city; and
- 7 (C) any other matters the corporation board determines
- 8 is necessary to carry out the purposes of the
- 9 corporation.

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

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

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



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

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

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

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

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

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

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

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

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



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;

be based on multiple measures and metrics, including:

(A) academic performance measures, including the

performance assessment results u

(B) student assessment outcome

(C) student discipline pr

- (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

) include ~~a requirement~~ [authority] to close chronically

11 11(3) include ~~a requirement~~ [authority] to close chronically

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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.

III 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;

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

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

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

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

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

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

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

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

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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;



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

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

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

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

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

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

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

38 (2) The school corporation demonstrates through facts included
39 in a resolution that the school building is being used and that it
40 is financially prudent to continue to use the school building,
41 considering all community resources, for a distinct student
42 population that reasonably cannot be served through integration

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

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

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

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

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

(4) 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 storage. However, to be an allowable use under this subdivision, at least fifty percent (50%) of the square footage of the school building must be used for storage, 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.

(5) 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 combination of office space and storage. However, to be an allowable use under this subdivision, at least fifty percent (50%) of the square footage of

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

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

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

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

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

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

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

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

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

38 (i) An interested person that is not otherwise a party to the
 39 proceeding may intervene in the proceeding under subsection (h) as a
 40 party. The school corporation has the burden of going forward with the
 41 evidence and the burden of proof to demonstrate that the school
 42 building does not meet the criteria for closure or the covered school



1 building is not required to be made available under IC 20-26-7.1.

2 (j) Not more than sixty (60) days after receiving notice of a

3 petition under subsection (h), the school corporation must:

4 (1) file a response to the petition that notifies the department that

5 the school corporation:

6 (A) is not contesting the petition; or

7 (B) is contesting the petition and states the facts upon which

8 the school corporation relies in contesting the petition; and

9 (2) provide a copy of the response to the petitioner and any

10 intervening party.

11 (k) If the school corporation:

12 (1) files a response that the school corporation is not contesting

13 the petition; or

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

15 the department shall issue an order granting the petition. A petition and

16 any response or reply are public documents.

17 (l) If a school corporation contests a petition under subsection (j),

18 a party to the proceeding has not more than sixty (60) days after the

19 date that the school corporation files a response under subsection (j) to

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

21 (m) The department shall make a determination regarding a

22 petition under subsection (h) not more than one hundred twenty (120)

23 days after the date that the:

24 (1) petitioner and any intervening party have submitted a reply

25 under subsection (l); or

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

27 (n) A school corporation or another party to the proceeding may

28 file with the state board a petition requesting review of the department's

29 determination. Upon receipt of a petition under this subsection, the

30 state board shall review the department's determination. An appeal to

31 the state board shall be subject to the procedure described in

32 IC 20-26-11-15(b).

33 (o) Upon the issuance of a final unappealable order granting a

34 petition, the school corporation shall make the school building

35 available for lease or purchase in accordance with IC 20-26-7.1.

36 SECTION 11. IC 20-26-7-48, AS ADDED BY P.L.189-2023,

37 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

38 UPON PASSAGE]: Sec. 48. (a) The following definitions apply

39 throughout this section:

40 (1) "Current school year" refers to a year in which the governing

41 body is required to conduct a review of school building usage

42 under section 47(c) of this chapter.



3 (b) This section:

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

22 subdivision (1).
23 (A) Designed occupancy, regardless of current use

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

28 (C) The following information:

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

33 (ii) Percentage of instructional use.
34 (iii) Percentage of use for other purposes

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

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

[EFFECTIVE UPON PASSAGE]: Sec. 1. (a) For purposes of this section, "charter school" does not include a virtual charter school or an

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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



1 safety referendum tax levy under IC 20-46-9, the school
 2 corporation shares the revenue from the school safety
 3 referendum tax levy with each charter school that:

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

6 (ii) elects to participate in the referendum;

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

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

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

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

20 **(b) Beginning July 1, 2026, and notwithstanding any other law,
 21 the public education corporation is responsible for control and
 22 management of the debt service fund created by the governing
 23 body of a school city (as defined in IC 20-25-2-12), including
 24 making payments of debt service.**

25 SECTION 14. IC 20-46-1-0.5 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE UPON PASSAGE]: Sec. 0.5. **(a) Subject to subsection
 28 (b), after March 31, 2026, a school city (as defined in
 29 IC 20-25-2-12) may not exercise the powers and duties under this
 30 chapter and instead the public education corporation assumes the
 31 powers and duties of the school city as set forth in IC 20-25.3-5.1**

32 **1 (b) Notwithstanding subsection (a), the county auditor shall:**
 33 **(1) determine the amounts of revenue to be distributed to the
 34 school city and any charter schools as provided in section 21
 35 or 22 of this chapter, as applicable; and**

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

39 SECTION 15. IC 20-46-7-0.5 IS ADDED TO THE INDIANA
 40 CODE AS A NEW SECTION TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. Beginning with property
 42 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.

9 SECTION 16. IC 20-46-8-0.5 IS ADDED TO THE INDIANA
10 CODE AS A NEW SECTION TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) Subject to subsection**
12 **(b), beginning with property taxes first due and payable after**
13 **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.

28 SECTION 17. IC 20-46-9-0.5 IS ADDED TO THE INDIANA
29 CODE AS A NEW SECTION TO READ AS FOLLOWS
30 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) Subject to subsection**
31 **(b), after March 31, 2026, a school city (as defined in**
32 **IC 20-25-2-12) may not exercise the powers and duties under this**
33 **chapter and instead, the public education corporation assumes the**
34 **powers and duties of the school city as set forth in IC 20-25.3-5.1.**

(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.

42 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.[I](#)
8 [1](#)

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