
HOUSE BILL No. 1423

AM142327 has been incorporated into January 30, 2026 printing.

Synopsis: Indianapolis public education corporation.

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Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

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HOUSE BILL No. 1423

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 5-13-6-3, AS AMENDED BY P.L.166-2014,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 3. (a) All taxes collected by the county
4 treasurer shall be deposited as one (1) fund in the several depositories
5 selected for the deposit of county funds and, except as provided in
6 subsection (b), remain in the depositories until distributed at the
7 following semiannual distribution made by the county auditor.
8 (b) Every county treasurer who, by virtue of the treasurer's office,
9 is the collector of any taxes for any political subdivision wholly or
10 partly within the county shall, not later than thirty (30) days after
11 receipt of a written request for funds filed with the treasurer by a proper
12 officer of any political subdivision within the county, provide to the
13 county auditor the amount available for distribution, as certified for
14 each semiannual distribution under IC 6-1.1-27-2. The county auditor
15 shall advance to that political subdivision a portion of the taxes
16 collected before the semiannual distribution. The amount advanced
17 may not exceed the lesser of:

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1 (1) ninety-five percent (95%) of the total amount collected at the
2 time of the advance; or

3 (2) ninety-five percent (95%) of the amount to be distributed at
4 the semiannual distribution.

5 (c) Upon notice from the county treasurer of the amount to be
6 advanced, the county auditor shall draw a warrant upon the county
7 treasurer for the amount. The amount of the advance must be available
8 immediately for the use of the political subdivision.

9 (d) At the semiannual distribution all the advances made to any
10 political subdivision under subsection (b) shall be deducted from the
11 total amount due any political subdivision as shown by the distribution.

12 (e) If a county auditor fails to make a distribution of tax collections
13 by the deadline for distribution under subsection (b), a political
14 subdivision that was to receive a distribution may recover interest on
15 the undistributed tax collections under IC 6-1.1-27-1.

16 **(f) Subject to this section, the Indianapolis public education**
17 **corporation board appointed under IC 20-25.3-3-2 may file with**
18 **the county treasurer a written request under this section for an**
19 **advance of the funds certified for the first semiannual distribution**
20 **in 2026 to be distributed to the corporation board under**
21 **IC 20-46-8-11.2(j). The corporation board shall deposit money**
22 **advanced by the county auditor in the public education**
23 **corporation operations fund created by IC 20-25.3-6-1. This**
24 **subsection expires July 1, 2027.**

25 SECTION 2. IC 6-1.1-1-14.5 IS ADDED TO THE INDIANA
26 CODE AS A NEW SECTION TO READ AS FOLLOWS
27 [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. "Public education**
28 **corporation" refers to the Indianapolis public education**
29 **corporation established by IC 20-25.3-3-1.**

30 SECTION 3. IC 6-1.1-17-20, AS AMENDED BY P.L.230-2025,
31 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 UPON PASSAGE]: Sec. 20. (a) This section:

33 (1) applies to each governing body of a taxing unit that is not
34 comprised of a majority of officials who are elected to serve on
35 the governing body; **and**

36 (2) **does not apply to the public education corporation.**

37 For purposes of this section, an individual who qualifies to be
38 appointed to a governing body or serves on a governing body because
39 of the individual's status as an elected official of another taxing unit
40 shall be treated as an official who was not elected to serve on the
41 governing body.

42 (b) As used in this section, "taxing unit" has the meaning set forth

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1 in IC 6-1.1-1-21, except that the term does not include a public library
 2 or an entity whose tax levies are subject to review and modification by
 3 a city-county legislative body under IC 36-3-6-9.

4 (c) If:

5 (1) the assessed valuation of a taxing unit is entirely contained
 6 within a city or town; or

7 (2) the assessed valuation of a taxing unit is not entirely
 8 contained within a city or town but:

9 (A) the taxing unit was originally established by the city or
 10 town; or

11 (B) the majority of the individuals serving on the governing
 12 body of the taxing unit are appointed by the city or town;

13 the governing body shall submit its proposed budget and property tax
 14 levy to the city or town fiscal body. The proposed budget and levy shall
 15 be submitted to the city or town fiscal body in the manner prescribed
 16 by the department of local government finance before September 2 of
 17 a year.

18 (d) If subsection (c) does not apply, the governing body of the
 19 taxing unit shall submit its proposed budget and property tax levy to the
 20 county fiscal body in the county where the taxing unit has the most
 21 assessed valuation. The proposed budget and levy shall be submitted
 22 to the county fiscal body in the manner prescribed by the department
 23 of local government finance before September 2 of a year.

24 (e) The fiscal body of the city, town, or county (whichever applies)
 25 shall review each budget and proposed tax levy and adopt a final
 26 budget and tax levy for the taxing unit. The fiscal body may reduce or
 27 modify but not increase the proposed budget or tax levy.

28 (f) If a taxing unit fails to file the information required in
 29 subsection (c) or (d), whichever applies, with the appropriate fiscal
 30 body by the time prescribed by this section, when calculating the
 31 maximum ad valorem property tax levy under IC 6-1.1-18.5-3(a) for
 32 the taxing unit for the ensuing budget year, instead of multiplying the
 33 maximum levy growth quotient determined under IC 6-1.1-18.5-2(b)
 34 or IC 6-1.1-18.5-2(e) (as applicable) for the year by the taxing unit's
 35 maximum permissible ad valorem property tax levy for the preceding
 36 calendar year as prescribed in STEP TWO of IC 6-1.1-18.5-3(a), for
 37 purposes of STEP TWO of IC 6-1.1-18.5-3(a), the taxing unit's
 38 maximum permissible ad valorem property tax levy for the preceding
 39 calendar year must instead be multiplied by the result of the following:

40 STEP ONE: Determine:

41 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or STEP
 42 FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus

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1 (B) one (1).
 2 STEP TWO: Multiply:
 3 (A) the STEP ONE result; by
 4 (B) eight-tenths (0.8).
 5 STEP THREE: Add one (1) to the STEP TWO result.
 6 However, if the taxing unit files the information as required in
 7 subsection (c) or (d), whichever applies, for the budget year
 8 immediately following the budget year for which the formula under this
 9 subsection is applied, when calculating the maximum ad valorem
 10 property tax levy under IC 6-1.1-18.5-3(a) for the taxing unit for the
 11 subsequent budget year, the taxing unit's maximum permissible ad
 12 valorem property tax levy must be calculated as if the formula under
 13 this subsection had not been applied for the affected budget year.
 14 (g) If the appropriate fiscal body fails to complete the requirements
 15 of subsection (e) before the adoption deadline in section 5 of this
 16 chapter for any taxing unit subject to this section, when calculating the
 17 maximum ad valorem property tax levy under IC 6-1.1-18.5-3(a) for
 18 the city, town, or county for the ensuing budget year, instead of
 19 multiplying the maximum levy growth quotient determined under
 20 IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e) (as applicable) for the year by
 21 the city's, town's, or county's maximum permissible ad valorem
 22 property tax levy for the preceding calendar year as prescribed in STEP
 23 TWO of IC 6-1.1-18.5-3(a), for purposes of STEP TWO of
 24 IC 6-1.1-18.5-3(a), the city's, town's, or county's maximum permissible
 25 ad valorem property tax levy for the preceding calendar year must
 26 instead be multiplied by the result of the following:
 27 STEP ONE: Determine:
 28 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or STEP
 29 FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus
 30 (B) one (1).
 31 STEP TWO: Multiply:
 32 (A) the STEP ONE result; by
 33 (B) eight-tenths (0.8).
 34 STEP THREE: Add one (1) to the STEP TWO result.
 35 However, if the city, town, or county files the information as required
 36 in subsection (e) for the budget year immediately following the budget
 37 year for which the formula under this subsection is applied, when
 38 calculating the maximum ad valorem property tax levy under
 39 IC 6-1.1-18.5-3(a) for the city, town, or county for the subsequent
 40 budget year, the unit's maximum permissible ad valorem property tax
 41 levy must be calculated as if the formula under this subsection had not
 42 been applied for the affected budget year.

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1 SECTION 4. IC 6-1.1-17-20.5, AS AMENDED BY P.L.113-2010,
 2 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 UPON PASSAGE]: Sec. 20.5. (a) This section:

4 (1) applies to the governing body of a taxing unit unless a
 5 majority of the governing body is comprised of officials who are
 6 elected to serve on the governing body; **and**

7 (2) **does not apply to the public education corporation.**

8 For purposes of this section, an individual who qualifies to be
 9 appointed to a governing body or serves on a governing body because
 10 of the individual's status as an elected official of another taxing unit
 11 shall be treated as an official who was not elected to serve on the
 12 governing body.

13 (b) As used in this section, "taxing unit" has the meaning set forth
 14 in IC 6-1.1-1-21, except that the term does not include:

15 (1) a school corporation; or

16 (2) an entity whose tax levies are subject to review and
 17 modification by a city-county legislative body under IC 36-3-6-9.

18 (c) If:

19 (1) the assessed valuation of a taxing unit is entirely contained
 20 within a city or town; or

21 (2) the assessed valuation of a taxing unit is not entirely
 22 contained within a city or town but the taxing unit was originally
 23 established by the city or town;

24 the governing body of the taxing unit may not issue bonds or enter into
 25 a lease payable in whole or in part from property taxes unless it obtains
 26 the approval of the city or town fiscal body.

27 (d) However, in the case of a public library that is subject to this
 28 section and is described in subsection (c), the public library may not
 29 issue bonds or enter into a lease payable in whole or in part from
 30 property taxes unless it obtains the approval of the county fiscal body,
 31 rather than the city or town fiscal body, if more than fifty percent (50%)
 32 of the parcels of real property within the jurisdiction of the public
 33 library are located outside the city or town. The requirement that the
 34 public library must obtain the approval of the county fiscal body (rather
 35 than the city or town fiscal body) if more than fifty percent (50%) of
 36 the parcels of real property within the jurisdiction of the public library
 37 are located outside the city or town does not apply to the issuance of
 38 bonds or the execution of a lease:

39 (1) for which a decision or preliminary determination was made
 40 under IC 6-1.1-20 before December 31, 2010; or

41 (2) that is approved by the city or town fiscal body or the county
 42 fiscal body before December 31, 2010.

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1 (e) This subsection applies to a taxing unit not described in
 2 subsection (c) or (d). The governing body of the taxing unit may not
 3 issue bonds or enter into a lease payable in whole or in part from
 4 property taxes unless it obtains the approval of the county fiscal body
 5 in the county where the taxing unit has the most net assessed valuation.

6 SECTION 5. 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. However, in**
 13 **exercising its powers and responsibilities under this chapter, the**
 14 **public education corporation shall account for and include any**
 15 **bonds, leases, and other indebtedness incurred or issued under any**
 16 **law by the school city (as defined in IC 20-25-2-12) before April 1,**
 17 **2026.**

18 SECTION 6. IC 6-1.1-18.5-2, AS AMENDED BY P.L.68-2025,
 19 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana
 21 nonfarm personal income" means the estimate of total nonfarm
 22 personal income for Indiana in a calendar year as computed by the
 23 federal Bureau of Economic Analysis using any actual data for the
 24 calendar year and any estimated data determined appropriate by the
 25 federal Bureau of Economic Analysis.

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

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

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

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

41 STEP FOUR: Determine the lesser of the following:

42 (A) The STEP THREE quotient.

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- 1 (B) One and six-hundredths (1.06).
- 2 (c) Except as provided in subsection (f), a school corporation, **or,**
- 3 **in the case of a school city (as defined in IC 20-25-2-12), the public**
- 4 **education corporation,** shall use for its operations fund maximum
- 5 levy calculation under IC 20-46-8-1 the maximum levy growth quotient
- 6 determined in the last STEP of the following STEPS:
- 7 STEP ONE: Determine for each school corporation, the average
- 8 annual growth in net assessed value using the three (3) calendar
- 9 years immediately preceding the year in which a budget is
- 10 adopted under IC 6-1.1-17-5 for the ensuing calendar year.
- 11 STEP TWO: Determine the greater of:
- 12 (A) zero (0); or
- 13 (B) the STEP ONE amount minus the sum of:
- 14 (i) the maximum levy growth quotient determined
- 15 under subsection (b) minus one (1); plus
- 16 (ii) two-hundredths (0.02).
- 17 STEP THREE: Determine the lesser of:
- 18 (A) the STEP TWO amount; or
- 19 (B) four-hundredths (0.04).
- 20 STEP FOUR: Determine the sum of:
- 21 (A) the STEP THREE amount; plus
- 22 (B) the maximum levy growth quotient determined under
- 23 subsection (b).
- 24 STEP FIVE: Determine the greater of:
- 25 (A) the STEP FOUR amount; or
- 26 (B) the maximum levy growth quotient determined under
- 27 subsection (b).
- 28 (d) The budget agency shall provide the maximum levy growth
- 29 quotient for the ensuing year to civil taxing units, school corporations,
- 30 **the public education corporation (in the case of a school city (as**
- 31 **defined in IC 20-25-2-12)),** and the department of local government
- 32 finance before July 1 of each year.
- 33 (e) This subsection applies only for purposes of determining the
- 34 maximum levy growth quotient to be used in determining a civil taxing
- 35 unit's maximum permissible ad valorem property tax levy in calendar
- 36 years 2024, 2025, and 2026. For purposes of determining the maximum
- 37 levy growth quotient in calendar years 2024, 2025, and 2026, instead
- 38 of the result determined in the last STEP in subsection (b), the
- 39 maximum levy growth quotient is determined in the last STEP of the
- 40 following STEPS:
- 41 STEP ONE: Determine the result of STEP FOUR of subsection
- 42 (b), calculated as if this subsection was not in effect.

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- 1 STEP TWO: Subtract one (1) from the STEP ONE result.
 2 STEP THREE: Multiply the STEP TWO result by eight-tenths
 3 (0.8).
 4 STEP FOUR: Add one (1) to the STEP THREE result.
 5 STEP FIVE: Determine the lesser of:
 6 (A) the STEP FOUR result; or
 7 (B) one and four-hundredths (1.04).
- 8 (f) This subsection applies only for purposes of determining the
 9 maximum levy growth quotient to be used in determining a school
 10 corporation's, **or, in the case of a school city (as defined in**
 11 **IC 20-25-2-12), the public education corporation's**, operations fund
 12 maximum levy in calendar years 2024, 2025, and 2026. For purposes
 13 of determining the maximum levy growth quotient in calendar years
 14 2024, 2025, and 2026, instead of the result determined in the last STEP
 15 in subsection (c), the maximum levy growth quotient is determined in
 16 the last STEP of the following STEPS:
- 17 STEP ONE: Determine the result of STEP FIVE of subsection
 18 (c), calculated as if this subsection was not in effect.
 19 STEP TWO: Subtract one (1) from the STEP ONE result.
 20 STEP THREE: Multiply the STEP TWO result by eight-tenths
 21 (0.8).
 22 STEP FOUR: Add one (1) to the STEP THREE result.
 23 STEP FIVE: Determine the lesser of:
 24 (A) the STEP FOUR result; or
 25 (B) one and four-hundredths (1.04).
- 26 SECTION 7. IC 6-1.1-20-0.3 IS ADDED TO THE INDIANA
 27 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 28 **[EFFECTIVE UPON PASSAGE]: Sec. 0.3. (a) After March 31, 2026,**
 29 **a school city (as defined in IC 20-25-2-12) may not exercise the**
 30 **powers and duties under this chapter and instead the public**
 31 **education corporation assumes the powers and duties of the school**
 32 **city as set forth in IC 20-25.3-5.**
- 33 (b) Subject to IC 20-25.3-5-4(b), the county auditor shall
 34 distribute revenue collected from a levy that is approved and first
 35 imposed under this chapter after March 31, 2026, to the public
 36 education corporation.
- 37 SECTION 8. IC 20-18-2-14.5 IS ADDED TO THE INDIANA
 38 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 39 **[EFFECTIVE UPON PASSAGE]: Sec. 14.5. "Public education**
 40 **corporation" refers to the Indianapolis public education**
 41 **corporation established by IC 20-25.3-3-1.**
- 42 SECTION 9. IC 20-24-3-20 IS ADDED TO THE INDIANA

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

7 (1) The charter board.

8 (2) The executive (as defined in IC 36-1-2-5) of a consolidated
 9 city.

10 (3) The school city.

11 (b) A charter school that was granted a charter before April
 12 1, 2026, by an authorizer other than an authorizer listed in
 13 subsection (a) may continue operating with that authorizer until
 14 the term of the charter expires or is terminated, whichever occurs
 15 earlier. After the termination or expiration of the charter, a
 16 charter for a charter school described in subsection (a) may only
 17 be granted or renewed by an authorizer described in subsection
 18 (a).

19 SECTION 10. IC 20-25-3-0.5 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. The board of**
 22 **commissioners has all of the powers and duties established under**
 23 **this article except for the powers and duties granted to the**
 24 **Indianapolis public education corporation under IC 20-25.3.**

25 SECTION 11. IC 20-25-4-23 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE UPON PASSAGE]: **Sec. 23. (a) Notwithstanding any**
 28 **other law, after March 31, 2026, the school city may not issue**
 29 **bonds or otherwise incur indebtedness payable in whole or in part**
 30 **from a pledge of property tax revenue, excise tax revenue, or local**
 31 **income tax revenue.**

32 (b) The public education corporation may issue bonds, enter
 33 into leases, or otherwise incur indebtedness after March 31, 2026,
 34 and before July 1, 2027, only if the board established by
 35 IC 20-25-3-1 first adopts a resolution approving the issuance of the
 36 bonds, entering into the lease, or incurring of indebtedness.

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

40 **ARTICLE 25.3. INDIANAPOLIS PUBLIC EDUCATION**
 41 **CORPORATION**

42 **Chapter 1. Scope of Authority**

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1 **Sec. 1. The Indianapolis public education corporation exists**
2 **and shall operate for the public purpose of establishing a unified**
3 **student transportation, school property, and school performance**
4 **system within the geographic boundaries of the school city that**
5 **maximizes the efficient use of taxpayer provided resources,**
6 **respects the decision making of individual public schools and the**
7 **school city, and creates the best conditions for student learning and**
8 **success.**

9 **Sec. 2. This article shall be liberally construed to effect the**
10 **purposes of this article. If any other law or rule is inconsistent with**
11 **this article, this article is controlling as to the administration and**
12 **management of school property, transportation, and school**
13 **performance within the geographic boundaries of the school city**
14 **undertaken under this article.**

15 **Chapter 2. Definitions**

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

- 17 (1) this chapter; and
- 18 (2) except as provided in section 2 of this chapter,
- 19 **IC 20-25-2;**

20 **apply throughout this article.**

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

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

25 **Sec. 4. "Corporation board" refers to the Indianapolis public**
26 **education corporation board appointed under IC 20-25.3-3-2.**

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

28 **Sec. 6. (a) "Participating school" means the following schools:**

- 29 (1) A school maintained by the school city.
- 30 (2) The following that are located within the geographic
- 31 boundaries of the school city:
 - 32 (A) A participating innovation network school.
 - 33 (B) A participating innovation network charter school.
 - 34 (C) A charter school.

35 **(b) The term does not include the following:**

- 36 (1) An adult high school (as defined in IC 20-24-1-2.3).
- 37 (2) A virtual charter school (as defined in IC 20-24-1-10).

38 **Sec. 7. "School property" means a building or real property**
39 **that is:**

- 40 (1) leased or owned by the school city or a participating
- 41 school; and
- 42 (2) located within the geographic boundaries of the school

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city.

Chapter 3. Indianapolis Public Education Corporation

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

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

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

- (1) Three (3) members appointed by the mayor who are leaders of participating innovation network charter schools or charter schools located within the geographic boundaries of the school city.**
- (2) Three (3) members appointed by the mayor who are members of the board of school commissioners.**
- (3) Three (3) members appointed by the mayor who have:**
 - (A) expertise in management, capital planning, facilities, transportation, or logistics; or**
 - (B) experience in working with vulnerable student populations and communities.**
- (c) All members of the corporation board must reside within the geographic boundaries of the school city.**
- (d) The mayor shall appoint one (1) of the members of the corporation board as chairperson of the corporation board.**

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

(b) Each member holds office for the term of appointment and continues to serve after expiration of the appointment until a successor is appointed and qualified. A member is eligible for reappointment.

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

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

- (1) leader of a participating innovation network charter school or charter school located within the geographic boundaries of the school city; or**
- (2) member of the board of commissioners.**

(e) A member of the corporation board may be removed for cause by the mayor.

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1 **Sec. 4. (a) A majority of the corporation board members**
 2 **constitutes a quorum for a meeting. The corporation board may**
 3 **act by an affirmative vote of a majority of the corporation board.**

4 **(b) A vacancy in the membership of the corporation board**
 5 **does not impair the right of a quorum to exercise all rights and**
 6 **perform all duties of the corporation board.**

7 **Sec. 5. Meetings of the members of the corporation board shall**
 8 **be held at the call of the chairperson. The members shall meet at**
 9 **least once every three (3) months to attend to the business of the**
 10 **corporation.**

11 **Sec. 6. The members of the corporation board are not entitled**
 12 **to any salary, per diem, or other reimbursements or compensation**
 13 **to serve on the corporation board.**

14 **Sec. 7. The corporation board shall keep the corporation**
 15 **board's documents in the office of the corporation or in an**
 16 **electronic format. The corporation board shall record the aye and**
 17 **nay vote on the final passage of any item of business and on any**
 18 **other item if two (2) corporation board members request that the**
 19 **votes be recorded by ayes and nays.**

20 **Sec. 8. (a) The corporation board shall adopt rules of**
 21 **procedure for corporation board meetings. The corporation board**
 22 **may suspend the rules of procedure by unanimous vote of the**
 23 **members present at the meeting. The corporation board shall not**
 24 **suspend the rules of procedure beyond the duration of the meeting**
 25 **at which the suspension of rules occurs.**

26 **(b) The corporation board may exercise the powers to**
 27 **supervise internal affairs common to municipal legislative and**
 28 **administrative bodies.**

29 **Sec. 9. The corporation board shall exercise the executive and**
 30 **legislative powers of the corporation.**

31 **Sec. 10. (a) The corporation board shall appoint an individual**
 32 **recommended by the mayor as the executive director of the**
 33 **corporation.**

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

35 **(1) serves at the pleasure of the corporation board; and**

36 **(2) shall do the following:**

37 **(A) Administer, manage, and direct the affairs and**
 38 **activities of the corporation and any employees of the**
 39 **corporation in accordance with the policies and under**
 40 **the control and direction of the members of the**
 41 **corporation board.**

42 **(B) Approve all allowable expenses of the corporation or**

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of any employee or consultant, and expenses incidental to the operation of the corporation.

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

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

Sec. 11. (a) Notwithstanding section 3 of this chapter, the following apply to the members initially appointed to the corporation board:

(1) The mayor shall appoint members to the corporation board not later than March 31, 2026.

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

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

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

(B) One (1) member:

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

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

shall each serve until July 1, 2029.

(C) One (1) member:

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

(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, 2031.

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

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1 work and perform the corporation's duties under this
2 chapter.

3 Sec. 2. (a) In carrying out the purpose of the corporation, the
4 corporation board is granted all powers necessary or appropriate
5 to do the following:

6 (1) Beginning with the 2028-2029 school year and subject to
7 section 6(b) of this chapter, control the management and
8 operation of school property.

9 (2) Establish, in collaboration with the nonprofit
10 organization leading the transportation and centralized
11 school facilities pilot program in Marion County and the
12 school city, a unified transportation plan in accordance with
13 section 5 of this chapter and, beginning with the 2028-2029
14 school year, lead and oversee the provision of transportation
15 of all students to and from participating schools within the
16 geographic boundaries of the school city.

17 (3) Develop a single school performance framework in
18 accordance with section 3 of this chapter that applies to all
19 participating schools.

20 (4) Manage a unified enrollment system applicable to all
21 participating school students.

22 (5) Ensure that, to the extent possible, school property is
23 provided and made available to all participating schools that
24 do not opt out under section 6(b) of this chapter on an
25 equitable basis.

26 (6) Develop and implement a formula that provides for the
27 fair and equitable distribution of property taxes and other
28 funds to the school city and participating schools.

29 (7) Track qualitative and quantitative data to monitor
30 outcomes and publicly report data in a manner prescribed
31 by the mayor.

32 (8) Make, execute, and enforce contracts and all other
33 instruments necessary, convenient, or desirable for the
34 purposes of the corporation, including entering into a
35 contract with, as applicable, the school city and each
36 participating school regarding:

37 (A) the management and operation of school property;

38 (B) the provision of transportation of all students to and
39 from participating schools within the geographic
40 boundaries of the school city; and

41 (C) any other matters the corporation board determines
42 is necessary to carry out the purposes of the

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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, or by lease under IC 20-47-2 or IC 20-47-3.
(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 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

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- 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). Subject to subsection (c), to borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-48-1. Borrowing by the corporation, when considered in addition to indebtedness of the school city, may not equal an aggregate amount that exceeds the debt limitation described by IC 36-1-15-6 for the school city.**
- (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 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**

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1 judgment based on the member's or employee's malfeasance
2 as a member or in employment.

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

- 5 (A) to carry out the purposes of the corporation; and
6 (B) that may be designated by an appropriate title such
7 as "policy handbook", "bylaws", or "rules and
8 regulations".

9 (21) Regularly conduct assessments of school property.

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

18 (b) The corporation board shall determine the percentage of
19 property tax revenue that the county auditor is required to
20 distribute to the corporation under IC 20-46-8-11.2(j) or
21 IC 20-46-8-12(m), as applicable. The amount determined under
22 this subsection may not exceed three percent (3%) of the total
23 amount of revenue to be distributed under IC 20-46-8-11.2(f),
24 IC 20-46-8-12(h), or IC 20-46-8-12(l), as applicable, to the school
25 city and to each charter school described in IC 20-46-8-12(m)(2)
26 for each settlement period described in IC 6-1.1-27-1.

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

33 (d) The corporation board shall, in collaboration with the
34 school city and the nonprofit organization leading the
35 transportation and centralized school facilities pilot program in
36 Marion County, do the following:

- 37 (1) Complete a feasibility study to determine the best
38 approach for managing school property.
39 (2) Not later than November 30, 2026, submit to the
40 legislative council in an electronic format under IC 5-14-6 a
41 report that includes information regarding the corporation
42 board's progress in completing the feasibility study under

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1 subdivision (1) and report under subdivision (3).

2 (3) Not later than November 30, 2027, prepare and submit a
3 report regarding the feasibility study under subdivision (1)
4 to the legislative council in an electronic format under
5 IC 5-14-6.

6 This subsection expires July 1, 2028.

7 Sec. 3. (a) The corporation board shall, in collaboration with
8 the school city and authorizers of charter schools described in
9 IC 20-25.3-2-6, create a single school performance framework that
10 applies beginning with the 2028-2029 school year to all
11 participating schools.

12 (b) The school performance framework must:

13 (1) set clear expectation for school performance;

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

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

17 (B) student assessment outcomes;

18 (C) student discipline practices;

19 (D) student enrollment;

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

22 (F) short and long term financial health measures;

23 (G) organizational health and governance measures;

24 (H) replication of instructional models that are
25 achieving the best results for students; and

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

28 (3) include both of the following:

29 (A) A process to close chronically low performing
30 participating schools.

31 (B) A process to close inefficient school buildings.

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

34 (1) consult with the department; and

35 (2) hold a public hearing within the geographic boundaries
36 of the school city;

37 regarding the proposed closure of the participating school.

38 (d) Except as provided under subsection (e), a participating
39 school may not be closed as described in subsection (b)(3)(A) unless
40 the following occurs:

41 (1) If the participating school is a charter school, the
42 authorizer of the participating school approves the closure.

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- 1 (2) If the participating school is not a charter school, the
- 2 board of school commissioners approves the closure.
- 3 (e) If an authorizer or the board of school commissioners,
- 4 whichever is applicable, does not approve the closure of a
- 5 participating school under subsection (d), the corporation board
- 6 may appeal to the state board to request that the participating
- 7 school be closed. Not later than sixty (60) days after receiving an
- 8 appeal from the corporation board under this subsection, the state
- 9 board shall approve or decline the closure of the participating
- 10 school.
- 11 (f) The corporation board shall submit to the legislative
- 12 council in an electronic format under IC 5-14-6 the following:
- 13 (1) Not later than August 1, 2026, a report that includes
- 14 information regarding the corporation board's progress in
- 15 creating a single school performance framework under this
- 16 section, including information related to the progress on the
- 17 plan to close inefficient school buildings.
- 18 (2) Not later than November 30, 2027, the single school
- 19 performance framework created under this section.
- 20 Sec. 4. The corporation board may establish an advisory
- 21 committee to assist the corporation board in creating and
- 22 implementing the school performance framework described in
- 23 section 3 of this chapter.
- 24 Sec. 5. (a) The corporation board shall do the following:
- 25 (1) Establish a unified transportation plan regarding the
- 26 provision of transportation of all students to and from
- 27 participating schools within the geographic boundaries of the
- 28 school city.
- 29 (2) Include in the unified transportation plan the amount
- 30 needed to fully fund the plan.
- 31 (3) Not later than November 30, 2026, submit to the
- 32 legislative council in an electronic format under IC 5-14-6 a
- 33 report that includes information regarding the corporation
- 34 board's progress in completing the unified transportation
- 35 plan.
- 36 (4) Not later than November 30, 2027, submit the unified
- 37 transportation plan to the legislative council in an electronic
- 38 format under IC 5-14-6.
- 39 (b) The corporation board shall implement the unified
- 40 transportation plan beginning in the 2028-2029 school year.
- 41 Sec. 6. (a) The school city and all participating schools:
- 42 (1) are required to participate in the unified transportation

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- 1 plan implemented by the corporation board;
- 2 (2) shall enter into contracts with the corporation board; and
- 3 (3) shall comply with any applicable regulations, orders,
- 4 rules, and resolutions adopted by the corporation board.
- 5 (b) A participating school that is a charter school, including a
- 6 participating innovation network charter school, or the school city,
- 7 may elect to opt out of participation in the management and
- 8 control of school property by the corporation board. If a
- 9 participating school or school city elects to opt out under this
- 10 subsection, the:
 - 11 (1) corporation board may not manage or control school
 - 12 property owned or leased by the participating school or
 - 13 school city; and
 - 14 (2) participating school or school city may not receive any
 - 15 money that is attributable to the following:
 - 16 (A) A debt service levy under IC 20-46-7.
 - 17 (B) A levy imposed under IC 6-1.1-20 for controlled
 - 18 projects.
- 19 Sec. 7. The corporation is subject to required audits by the
- 20 state board of accounts under IC 5-11-1-9.
- 21 Sec. 8. All powers delegated to the corporation under this
- 22 chapter are subject to all applicable laws subjecting a school
- 23 corporation to regulation by a state agency, including the secretary
- 24 of education, state board of accounts, state police department, fire
- 25 prevention and building safety commission, department of local
- 26 government finance, environmental rules board, state school bus
- 27 committee, Indiana department of health, and any local
- 28 governmental agency to which the state has been delegated a
- 29 specific authority in matters other than educational matters and
- 30 other than finance, including plan commissions, zoning boards, and
- 31 boards concerned with health and safety.
- 32 Sec. 9. (a) Except as provided in subsection (c) and subject to
- 33 subsection (b), nothing in this article may be construed to impair
- 34 a contract that was entered into before the effective date of this
- 35 article. However, after the effective date of this article, the school
- 36 city or a participating school may not enter into, renew, or extend
- 37 a contract that is not in compliance with:
 - 38 (1) this article;
 - 39 (2) a contract entered into by the school city or participating
 - 40 school under this article; or
 - 41 (3) any regulation, order, rule, or resolution adopted by the
 - 42 corporation board.

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

8 (c) Notwithstanding subsection (a), the school city may enter
9 into or renew existing agreements under IC 20-25.7.

10 Chapter 5. Financial and Administrative Powers and Duties

11 Sec. 1. (a) Any indebtedness, liabilities, and obligations
12 incurred before April 1, 2026, by the school city or any
13 participating school, remain the debt, liability, or obligation of the
14 school city or participating school and do not become the debt,
15 liability, or obligation of and may not be assumed by the
16 corporation. The rights of the bondholders remain unchanged.

17 (b) Any indebtedness, liabilities, and obligations incurred after
18 March 31, 2026, by the corporation are the debt, liability, or
19 obligation of the corporation.

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

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

29 Sec. 4. (a) Except as provided in subsection (b), after March
30 31, 2026, the school city may not take any action under the
31 procedures set forth in IC 6-1.1-20 and instead the corporation
32 shall assume the powers and duties of the school city under
33 IC 6-1.1-20 in the territory of the school city. Property tax revenue
34 received from a referendum controlled project tax levy that is
35 approved by the voters after March 31, 2026, shall be distributed
36 to the corporation in the manner provided under IC 6-1.1-20.

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

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1 voters.

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

7 **(b)** Notwithstanding subsection (a), property tax revenue
8 received from an operating referendum tax levy that is approved
9 by the voters after March 31, 2026, shall be distributed to the
10 school city and applicable charter schools in the manner provided
11 under IC 20-46-1.

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

18 **Sec. 6. (a)** Subject to subsection (b), beginning July 1, 2026, the
19 corporation shall assume the powers and duties of the school city
20 under IC 20-46-7 with respect to imposition of a debt service levy.
21 Beginning with the January 1, 2027, assessment date, and for each
22 assessment date thereafter, the corporation shall impose both:

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

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

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

30 **(b)** Property tax revenue received from the debt service levy
31 described in IC 20-46-7-0.5(a)(2)(A) that is imposed for the
32 purpose of paying all obligations of the school city must be
33 deposited in the school city's debt service fund established under
34 IC 20-40-9 and may be used only to pay the obligations of the
35 school city. The school city shall use the revenue from the debt
36 service levy to pay debt service on the same terms, for the same
37 period of time, and for the same purposes for which the obligation
38 was initially authorized.

39 **Sec. 7. (a)** Except as provided in subsection (b), beginning July
40 1, 2026, the corporation shall assume the powers and duties of the
41 school city to impose a levy under IC 20-46-8. Beginning with the
42 January 1, 2027, assessment date, and for each assessment date

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1 thereafter, the corporation shall impose an annual property tax
2 levy in the territory of the school city.

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

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

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

18 Chapter 6. Indianapolis Public Education Corporation
19 Operations Fund

20 Sec. 1. The corporation shall create a corporation operations
21 fund to be used by the corporation for the purposes of the
22 corporation.

23 Sec. 2. The corporation operations fund shall be used to
24 deposit revenue received under IC 20-46-8-11.2(j) and
25 IC 20-46-8-12(m).

26 Sec. 3. Expenditures from the corporation operations fund
27 may be made only after appropriation in the annual budget or by
28 an additional appropriation under IC 6-1.1-18-5.

29 Sec. 4. (a) Any balance in the corporation operations fund may
30 be invested in the manner provided for investment of money by a
31 political subdivision. The net proceeds from the investment become
32 a part of the corporation operations fund.

33 (b) Any balance, or a part of the balance, remaining in the
34 corporation operations fund at the end of a year may be retained
35 in the corporation operations fund.

36 Sec. 5. The corporation may use money in the corporation
37 operations fund to carry out the purposes of the corporation.

38 Chapter 7. Indianapolis Public Education Corporation Debt
39 Service Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

32 **(b) Payments described in subsection (a) must be provided for**
33 **in the annual budget for the fund from which the payment is made.**

34 **SECTION 13. IC 20-26-7-47, AS AMENDED BY P.L.36-2024,**
35 **SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
36 **UPON PASSAGE]: Sec. 47. (a) The following definitions apply**
37 **throughout this section:**

38 **(1) "Covered school building" has the meaning set forth in**
39 **IC 20-26-7.1-2.1.**

40 **(2) "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 subsection (c).**

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

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1 was not subject to a transitional plan adopted by the governing
 2 body and approved by the department to use the school building
 3 for an allowable use not later than the next school year after the
 4 school building is otherwise required to be closed under this
 5 section;
 6 (4) in the case of a school building that was used in any part in
 7 the current school year for instructional purposes, the school
 8 corporation has another school building:
 9 (A) with sufficient capacity to take the students using the
 10 school building being considered for closure; and
 11 (B) that does not require more than twenty (20) minutes of
 12 travel time by car or bus from the school building being
 13 considered for closure; and
 14 (5) the school building is not a school building described in
 15 IC 20-26-7.1-1, IC 20-26-7.1-3(b), IC 20-26-7.1-3(c), or
 16 IC 20-26-7.1-3(d).
 17 (e) For purposes of this section, a school building is underutilized
 18 in a school year if the school building is not used for any of the
 19 following allowable uses:
 20 (1) The number of full-time equivalent students enrolled for
 21 in-person instruction in the school building on instructional days
 22 (as determined under IC 20-30-2) for instructional purposes,
 23 averaged over the current school year and the two (2) school
 24 years immediately preceding the current school year, is at least
 25 fifty percent (50%) of:
 26 (A) the known classroom design capacity of the school
 27 building; or
 28 (B) if the design capacity is not known, the average
 29 maximum full-time equivalent enrollment in any of the last
 30 twenty-five (25) years, as validated by records created or
 31 maintained by the department.
 32 (2) The school corporation demonstrates through facts included
 33 in a resolution that the school building is being used and that it
 34 is financially prudent to continue to use the school building,
 35 considering all community resources, for a distinct student
 36 population that reasonably cannot be served through integration
 37 with the general school population, such as students attending an
 38 alternative education program (as defined in IC 20-30-8-1).
 39 However, to be an allowable use under this subdivision, the
 40 average number of full-time equivalent students using the school
 41 building in a school year for instructional purposes must be at
 42 least thirty percent (30%) of:

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- 1 (A) the known classroom design capacity of the school
- 2 building; or
- 3 (B) if the design capacity is not known, the average
- 4 maximum full-time equivalent enrollment in any of the last
- 5 twenty-five (25) years, as validated by records created or
- 6 maintained by the department; and
- 7 (if multiple school buildings are used for the same purposes)
- 8 combining the student populations into fewer school buildings
- 9 is not reasonably feasible.
- 10 (3) The school corporation demonstrates through facts included
- 11 in a resolution that the school building is being used and that it
- 12 is financially prudent to continue to use the school building,
- 13 considering all community resources, for administrative or other
- 14 school offices. However, to be an allowable use under this
- 15 subdivision, at least fifty percent (50%) of the square footage of
- 16 the school building must be used for offices, the personnel
- 17 headquartered in the school building must consistently use the
- 18 space for office purposes, and the occupancy cost of using the
- 19 school building cannot be more than comparable office space
- 20 that is available in the school district.
- 21 (4) The school corporation demonstrates through facts included
- 22 in a resolution that the school building is being used and that it
- 23 is financially prudent to continue to use the school building,
- 24 considering all community resources, for storage. However, to be
- 25 an allowable use under this subdivision, at least fifty percent
- 26 (50%) of the square footage of the school building must be used
- 27 for storage, on average the storage space must be used to
- 28 capacity, and the cost of using the school building for storage
- 29 must be less than comparable storage space that is available in
- 30 the school district.
- 31 (5) The school corporation demonstrates through facts included
- 32 in a resolution that the school building is being used and that it
- 33 is financially prudent to continue to use the school building,
- 34 considering all community resources, for a combination of office
- 35 space and storage. However, to be an allowable use under this
- 36 subdivision, at least fifty percent (50%) of the square footage of
- 37 the school building must be used for a combination of office
- 38 space and storage and:
- 39 (A) the personnel headquartered in the school building must
- 40 consistently use the office space for office purposes, and the
- 41 occupancy cost of using the office space, calculated using
- 42 the costs of operating the school building, cannot be more

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1 than comparable office space that is available in the school
2 district; and
3 (B) on average, the storage space must be used to capacity
4 and the cost of using the school building for storage must be
5 less than comparable storage space that is available in the
6 school district.

7 (f) Closure of a school building that is:
8 (1) owned by the school corporation or any other entity that is
9 related in any way to, or created by, the school corporation or the
10 governing body; or
11 (2) jointly owned in the same manner by two (2) or more school
12 corporations;

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

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

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

32 (i) An interested person that is not otherwise a party to the
33 proceeding may intervene in the proceeding under subsection (h) as a
34 party. The school corporation has the burden of going forward with the
35 evidence and the burden of proof to demonstrate that the school
36 building does not meet the criteria for closure or the covered school
37 building is not required to be made available under IC 20-26-7.1.

38 (j) Not more than sixty (60) days after receiving notice of a
39 petition under subsection (h), the school corporation must:

- 40 (1) file a response to the petition that notifies the department that
41 the school corporation:
42 (A) is not contesting the petition; or

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1 (B) is contesting the petition and states the facts upon which
 2 the school corporation relies in contesting the petition; and
 3 (2) provide a copy of the response to the petitioner and any
 4 intervening party.
 5 (k) If the school corporation:
 6 (1) files a response that the school corporation is not contesting
 7 the petition; or
 8 (2) fails to submit a timely response under subsection (j);
 9 the department shall issue an order granting the petition. A petition and
 10 any response or reply are public documents.
 11 (l) If a school corporation contests a petition under subsection (j),
 12 a party to the proceeding has not more than sixty (60) days after the
 13 date that the school corporation files a response under subsection (j) to
 14 submit a reply to the school corporation's response.
 15 (m) The department shall make a determination regarding a
 16 petition under subsection (h) not more than one hundred twenty (120)
 17 days after the date that the:
 18 (1) petitioner and any intervening party have submitted a reply
 19 under subsection (l); or
 20 (2) time period to reply under subsection (l) has expired.
 21 (n) A school corporation or another party to the proceeding may
 22 file with the state board a petition requesting review of the department's
 23 determination. Upon receipt of a petition under this subsection, the
 24 state board shall review the department's determination. An appeal to
 25 the state board shall be subject to the procedure described in
 26 IC 20-26-11-15(b).
 27 (o) Upon the issuance of a final unappealable order granting a
 28 petition, the school corporation shall make the school building
 29 available for lease or purchase in accordance with IC 20-26-7.1.
 30 SECTION 14. IC 20-26-7-48, AS ADDED BY P.L.189-2023,
 31 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 UPON PASSAGE]: Sec. 48. (a) The following definitions apply
 33 throughout this section:
 34 (1) "Current school year" refers to a year in which the governing
 35 body is required to conduct a review of school building usage
 36 under section 47(c) of this chapter.
 37 (2) "Enrollment" has the meaning set forth in section 47(a)(3) of
 38 this chapter.
 39 (b) This section:
 40 (1) applies to a school corporation only if:
 41 (†)(A) the total student enrollment for in-person instruction
 42 in the school corporation in the current school year is at

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1 least ten percent (10%) less than the student enrollment for
2 in-person instruction in the school corporation in a school
3 year that precedes the current school year by five (5); and
4 ~~(2) (B)~~ the school corporation in the current school year has
5 more than one (1) school building serving the same grade
6 level as a school building subject to closure under section
7 47 of this chapter; **and**

8 **(2) does not apply to a school city (as defined in**
9 **IC 20-25-2-12).**

10 (c) Each school corporation shall annually report to the
11 department, in the form and on the schedule specified by the
12 department, the following information:

13 (1) A listing of all buildings owned or leased by the school
14 corporation that were originally designed as a school building.

15 (2) The following information for each building listed in
16 subdivision (1):

17 (A) Designed occupancy, regardless of current use.

18 (B) Current use (and percentage of use) for classroom
19 instruction, as special use classrooms, as office space, or as
20 storage or alternatively the building's status as transitioning
21 from one (1) use or combination of uses to another.

22 (C) The following information:

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

27 (ii) Percentage of instructional use.

28 (iii) Percentage of use for other purposes.

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

33 SECTION 15. IC 20-26-7.1-1, AS AMENDED BY P.L.68-2025,
34 SECTION 209, IS AMENDED TO READ AS FOLLOWS
35 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) For purposes of this
36 section, "charter school" does not include a virtual charter school or an
37 adult high school.

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

39 (1) A school building that since July 1, 2011, is leased or loaned
40 by the school corporation that owns the school building to
41 another entity, if the entity is not a building corporation or other
42 entity that is related in any way to, or created by, the school

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- 1 corporation or the governing body.
- 2 (2) A school corporation to which all of the following apply:
- 3 (A) The county auditor distributes revenue after May 10,
- 4 2023, as required under IC 20-46-1-21 or IC 20-46-1-22 to
- 5 each eligible charter school.
- 6 (B) If the school corporation listed in IC 20-46-9-22
- 7 receives revenue from a school safety referendum tax levy
- 8 under IC 20-46-9, the county auditor distributes revenue
- 9 after May 10, 2023, as required under IC 20-46-9-22 to
- 10 each charter school described in IC 20-46-9-22(b).
- 11 The above subdivisions are intended to apply retroactively. No
- 12 referendums or distributed revenue prior to May 10, 2023, are
- 13 effective to provide exemption from this chapter.
- 14 (3) A school corporation to which all of the following apply:
- 15 (A) The school corporation approves a resolution after May
- 16 10, 2023, to impose an operating referendum tax levy under
- 17 IC 20-46-1 after May 10, 2023, that includes sharing the
- 18 revenue from the referendum tax levy in the amounts
- 19 described in clause (B) with each charter school that:
- 20 (i) a student who resides within the attendance area of
- 21 the school corporation attends; and
- 22 (ii) elects to participate in the referendum.
- 23 The above subdivisions are intended to apply retroactively. No
- 24 resolutions, referendums, or distributed revenue prior to May 10,
- 25 2023, are effective to provide exemption from this chapter.
- 26 (B) The amount of referendum tax levy revenue that the
- 27 school corporation is required to share with each charter
- 28 school under the resolution described in clause (A) is equal
- 29 to the amount determined applying the applicable formula
- 30 under IC 20-46-1-21 or IC 20-46-1-22.
- 31 (C) The referendum tax levy described in clause (A) is
- 32 approved by the voters.
- 33 (D) The school corporation distributes the amounts
- 34 described in clause (B) to each charter school described in
- 35 clause (A).
- 36 (E) If the school corporation receives revenue from a school
- 37 safety referendum tax levy under IC 20-46-9, the school
- 38 corporation shares the revenue from the school safety
- 39 referendum tax levy with each charter school that:
- 40 (i) a student who resides within the attendance area of
- 41 the school corporation attends; and
- 42 (ii) elects to participate in the referendum;

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

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

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

10 SECTION 16. IC 20-46-1-0.5 IS ADDED TO THE INDIANA
11 CODE AS A NEW SECTION TO READ AS FOLLOWS
12 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) Subject to subsection**
13 **(b), after March 31, 2026, a school city (as defined in**
14 **IC 20-25-2-12) may not exercise the powers and duties under this**
15 **chapter and instead the public education corporation assumes the**
16 **powers and duties of the school city as set forth in IC 20-25.3-5.**

17 **(b) Notwithstanding subsection (a), the county auditor shall:**

18 **(1) determine the amounts of revenue to be distributed to the**
19 **school city and any charter schools as provided in section 21**
20 **or 22 of this chapter, as applicable; and**

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

24 SECTION 17. IC 20-46-7-0.5 IS ADDED TO THE INDIANA
25 CODE AS A NEW SECTION TO READ AS FOLLOWS
26 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) Beginning with**
27 **property taxes first due and payable after December 31, 2027:**

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

31 **(2) the public education corporation shall impose both:**

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

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

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

39 **(1) property tax levy described in subsection (a)(2)(A) shall**
40 **be deposited in the debt service fund established by the**
41 **school city under IC 20-40-9 and used to pay debt service on**
42 **the same terms, for the same period of time, and for the same**

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1 **purposes for which the obligation was initially authorized;**
 2 **and**
 3 **(2) property tax levy described in subsection (a)(2)(B) shall**
 4 **be deposited in the public education corporation's debt**
 5 **service fund established by IC 20-25-7-3 and used for the**
 6 **purposes of the fund.**

7 SECTION 18. IC 20-46-8-0.5 IS ADDED TO THE INDIANA
 8 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 9 **[EFFECTIVE UPON PASSAGE]: Sec. 0.5. (a) Subject to subsection**
 10 **(b), beginning with property taxes first due and payable after**
 11 **December 31, 2027:**

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

15 **(2) the public education corporation shall impose the annual**
 16 **property tax levy under this chapter in the territory of the**
 17 **school city and assumes the powers and duties of the school**
 18 **city under this chapter as set forth in IC 20-25.3-5.**

19 **(b) Notwithstanding subsection (a), beginning with property**
 20 **taxes first due and payable after December 31, 2025, the county**
 21 **auditor shall:**

22 **(1) determine the amounts of revenue to be distributed to the**
 23 **public education corporation, the school city, and any**
 24 **charter schools as provided in section 11.2 or 12 of this**
 25 **chapter, as applicable; and**

26 **(2) distribute revenue collected from a levy imposed under**
 27 **this chapter to the public education corporation, the school**
 28 **city, and any charter schools as provided in section 11.2 or**
 29 **12 of this chapter, as applicable.**

30 SECTION 19. IC 20-46-8-11.2, AS AMENDED BY P.L.68-2025,
 31 SECTION 225, IS AMENDED TO READ AS FOLLOWS
 32 **[EFFECTIVE UPON PASSAGE]: Sec. 11.2. (a) This section applies**
 33 **only to revenue collected after June 30, 2024, and before January 1,**
 34 **2028, from a tax levy imposed under this chapter by a school**
 35 **corporation located in:**

- 36 (1) Lake County;
- 37 (2) Marion County;
- 38 (3) St. Joseph County; or
- 39 (4) Vanderburgh County.

40 However, this section does not apply to, and distributions are not
 41 required for, a school corporation that is designated as a distressed
 42 political subdivision under IC 6-1.1-20.3.

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1 (b) For distributions made in:
 2 (1) calendar year 2025, and subject to subsection (c); and
 3 (2) calendar years 2026 and 2027, and subject to subsections (c),
 4 (h), and (i);
 5 the county auditor shall distribute to each charter school that is eligible
 6 for a distribution under subsection (d), and as provided under
 7 subsection (f), an amount of revenue received from a tax levy imposed
 8 by a school corporation under this chapter that is attributable to the
 9 territory of the school corporation that is located within the boundaries
 10 of a county listed in subsection (a).
 11 (c) The following schools are not eligible to receive a distribution
 12 under this section:
 13 (1) A virtual charter school.
 14 (2) An adult high school.
 15 (d) Not later than March 1, 2025, January 1, 2026, and January 1,
 16 2027, the department, in consultation with the department of local
 17 government finance, shall determine the corresponding percentages of
 18 revenue received from the tax levy that are attributable to the territory
 19 of the school corporation that is located within the boundaries of a
 20 county listed in subsection (a) and must be distributed among the
 21 school corporation and each eligible charter school according to the
 22 following formula:
 23 STEP ONE: Determine each charter school that:
 24 (A) is located in the same county as the school corporation;
 25 and
 26 (B) provides not more than fifty percent (50%) virtual
 27 instruction for its students.
 28 STEP TWO: Determine, for each charter school described in
 29 STEP ONE, the number of students who:
 30 (A) have legal settlement within the school corporation;
 31 (B) are currently included in the fall ADM for the charter
 32 school; and
 33 (C) receive not more than fifty percent (50%) virtual
 34 instruction.
 35 STEP THREE: Determine the sum of:
 36 (A) the aggregate of the STEP TWO results for all
 37 applicable charter schools; plus
 38 (B) the fall ADM count for the school corporation for
 39 students receiving not more than fifty percent (50%) virtual
 40 instruction.
 41 STEP FOUR: For each charter school described in STEP ONE,
 42 determine the result of:

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- 1 (A) the applicable STEP TWO amount; divided by
- 2 (B) the STEP THREE amount;
- 3 expressed as a percentage.
- 4 STEP FIVE: Determine the sum of all the amounts computed
- 5 under STEP FOUR and subtract the result from one hundred
- 6 percent (100%).
- 7 (e) The department shall provide to the county auditor,
- 8 immediately after calculation under subsection (d):
- 9 (1) each charter school determined under STEP ONE of
- 10 subsection (d) and the charter school's corresponding percentage
- 11 calculated under STEP FOUR of subsection (d); and
- 12 (2) the percentage calculated under STEP FIVE of subsection (d)
- 13 for the school corporation.
- 14 (f) **Except as provided in subsection (j), and** subject to
- 15 subsection (i), the county auditor shall distribute to the school
- 16 corporation and each applicable charter school the amount determined,
- 17 for each settlement period described in IC 6-1.1-27-1, in the last STEP
- 18 of the following STEPS:
- 19 STEP ONE: For each school corporation, determine a base
- 20 property tax levy amount calculated as:
- 21 (A) the sum of the school corporation's operations fund
- 22 property tax levies that are attributable to the territory of the
- 23 school corporation that is located within the boundaries of
- 24 a county listed in subsection (a) and collected under this
- 25 chapter for the applicable settlement period as described in
- 26 IC 6-1.1-27-1 in calendar years 2021, 2022, and 2023;
- 27 divided by
- 28 (B) three (3).
- 29 STEP TWO: For each school corporation, determine an
- 30 incremental property tax levy amount calculated as:
- 31 (A) the school corporation's operations fund property tax
- 32 levy collections that are attributable to the territory of the
- 33 school corporation that is located within the boundaries of
- 34 a county listed in subsection (a) for the applicable
- 35 settlement period as described in IC 6-1.1-27-1 in the
- 36 current calendar year; minus
- 37 (B) the school corporation's base property tax levy
- 38 collections determined for the applicable settlement period
- 39 as described in IC 6-1.1-27-1 under STEP ONE.
- 40 STEP THREE: For the school corporation and each applicable
- 41 charter school, determine the result of:
- 42 (A) the sum of:

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1 (i) the incremental amount determined under STEP
 2 TWO; plus
 3 (ii) any distribution amount withheld under subsection
 4 (i); multiplied by
 5 (B) the following percentage:
 6 (i) In the case of an applicable charter school, the
 7 charter school's percentage under STEP FOUR of
 8 subsection (d).
 9 (ii) In the case of the school corporation, the school
 10 corporation's percentage under STEP FIVE of
 11 subsection (d).
 12 (g) Before August 15, 2025, and August 15, 2026, the department
 13 shall provide to each school corporation and each eligible charter
 14 school an estimate of the amount of property tax levy revenue the
 15 school corporation and charter school are expected to receive under
 16 this section based on the most recent fall ADM count.
 17 (h) This subsection applies to distributions of property tax revenue
 18 under this section in 2026 and 2027. In order to receive a distribution
 19 under this section in 2026 and 2027, the governing body of an eligible
 20 charter school shall, before October 15, 2025, and October 15, 2026,
 21 adopt a budget for the current school year. Not later than ten (10) days
 22 before its adoption, the budget must be fixed and presented to the
 23 charter board in a public meeting in the county in which the charter
 24 school is incorporated. A budget that is adopted under this subsection
 25 must be submitted to the charter authorizer for review and to the
 26 department of local government finance to be posted publicly on the
 27 computer gateway under IC 6-1.1-17-3 not later than:
 28 (1) to receive distributions in 2026, November 1, 2025; and
 29 (2) to receive distributions in 2027, November 1, 2026.
 30 In addition to the adopted budget, the governing body of the charter
 31 school shall also submit to the charter authorizer, and to the department
 32 of local government finance to be posted publicly on the computer
 33 gateway under IC 6-1.1-17-3, the dates on which each requirement
 34 under this subsection was met and a statement from the governing body
 35 of the charter school attesting that those dates are true and accurate and
 36 that the budget was properly adopted under this subsection.
 37 (i) This subsection applies to distributions of property tax revenue
 38 under this section in 2026 and 2027. If an eligible charter school does
 39 not satisfy the requirements of subsection (h) to receive distributions
 40 under this section during a calendar year, as determined by the
 41 department of local government finance, the charter school may not
 42 receive a distribution of property tax revenue in that calendar year and

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1 the county auditor shall withhold the charter school's distribution
 2 amount. The department of local government finance's determination
 3 of compliance consists only of a confirmation that the adopted budget
 4 and attestation statement are submitted not later than the applicable
 5 date under subsection (h). Any distribution amount that must be
 6 withheld from distribution to any particular charter school under this
 7 subsection in:

8 (1) calendar year 2026 shall be added to the incremental amount
 9 as described in STEP TWO of subsection (f) and distributed
 10 among the school corporation and remaining charter schools
 11 according to subsection (f) in calendar year 2027; and

12 (2) calendar year 2027 shall be added to the incremental amount
 13 as described in STEP TWO of subsection (f) and distributed
 14 among the school corporation and remaining charter schools
 15 according to subsection (f) in calendar year 2027.

16 **(j) This subsection applies only to distributions of property tax**
 17 **revenue in 2026 and to distributions of property tax revenue in**
 18 **2027 to:**

19 **(1) a school city (as defined in IC 20-25-2-12); and**

20 **(2) a charter school that:**

21 **(A) is located in the territory of a school city (as defined**
 22 **in IC 20-25-2-12); and**

23 **(B) would otherwise receive a share of property tax**
 24 **revenue from the school city under this section.**

25 **Before making any distribution under subsection (f), the county**
 26 **auditor shall first distribute to the public education corporation for**
 27 **deposit in the public education corporation operations fund created**
 28 **under IC 20-25.3-6-1 an amount equal to the percentage**
 29 **determined by the Indianapolis public education corporation**
 30 **board under IC 20-25.3-4-2(b).**

31 SECTION 20. IC 20-46-8-12, AS ADDED BY P.L.68-2025,
 32 SECTION 226, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2026]: Sec. 12. (a) This section applies to
 34 revenue collected after December 31, 2027, from a tax levy imposed
 35 under this chapter only if the number of students who have legal
 36 settlement in a school corporation but attend a charter school,
 37 excluding virtual charter schools and adult high schools, and receive
 38 not more than fifty percent (50%) virtual instruction, is at least the
 39 greater of:

40 (1) one hundred (100) students; or

41 (2) two percent (2%) of the school corporation's spring ADM
 42 count, excluding students who receive more than fifty percent

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- 1 (50%) virtual instruction.
- 2 (b) As used in this section, "eligible charter school" means a
- 3 charter school attended by a student who:
- 4 (1) has legal settlement in a school corporation that imposes a
- 5 tax levy under this chapter; and
- 6 (2) receives not more than fifty percent (50%) virtual instruction.
- 7 However, the term does not include a virtual charter school or an adult
- 8 high school.
- 9 (c) The following schools are not eligible to receive, and may not
- 10 be considered in a calculation made for purposes of, a distribution
- 11 under this section:
- 12 (1) A virtual charter school.
- 13 (2) An adult high school.
- 14 (d) Beginning in calendar year 2028, and in each calendar year
- 15 thereafter, and subject to subsection (j), the county auditor shall
- 16 distribute to each eligible charter school in the manner provided under
- 17 this section an amount of revenue received from a tax levy imposed by
- 18 a school corporation under this chapter.
- 19 (e) For the purposes of the calculations made in this section, each
- 20 eligible charter school that has entered into an agreement with a school
- 21 corporation to participate as a participating innovation network charter
- 22 school under IC 20-25.7-5 is considered to have an ADM that is
- 23 separate from the school corporation.
- 24 (f) Not later than January 1, 2028, and not later than January 1 of
- 25 each year thereafter, the department, in consultation with the
- 26 department of local government finance, shall determine, for each
- 27 school corporation, the corresponding percentages of revenue received
- 28 from the tax levy that must be distributed among the school corporation
- 29 and each eligible charter school according to the following formula:
- 30 STEP ONE: Determine, for each eligible charter school, the
- 31 number of students who:
- 32 (A) have legal settlement within the school corporation;
- 33 (B) are currently included in the fall ADM count for the
- 34 charter school; and
- 35 (C) receive not more than fifty percent (50%) virtual
- 36 instruction.
- 37 STEP TWO: Determine the sum of:
- 38 (A) the aggregate of the STEP ONE results for all eligible
- 39 charter schools with respect to the school corporation; plus
- 40 (B) the fall ADM count for the school corporation for
- 41 students receiving not more than fifty percent (50%) virtual
- 42 instruction.

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1 STEP THREE: For each eligible charter school, determine the
 2 result of:
 3 (A) the applicable STEP ONE amount; divided by
 4 (B) the STEP TWO amount;
 5 expressed as a percentage.
 6 STEP FOUR: Determine the sum of all the amounts computed
 7 under STEP THREE and subtract the result from one hundred
 8 percent (100%).
 9 (g) The department shall provide to the county auditor,
 10 immediately after calculation under subsection (f):
 11 (1) each eligible charter school and the eligible charter school's
 12 corresponding percentage calculated under STEP THREE of
 13 subsection (f); and
 14 (2) the percentage calculated under STEP FOUR of subsection
 15 (f) for the school corporation.
 16 (h) **Except as provided in subsection (m), and** subject to
 17 subsections (j) and (l), the county auditor shall distribute to the school
 18 corporation and each eligible charter school the amount determined in
 19 the last STEP of the following STEPS:
 20 STEP ONE: Determine the amount collected in the most recent
 21 installment period by the school corporation from the school
 22 corporation's operations fund levy imposed under this chapter.
 23 STEP TWO: To determine the distribution for the school
 24 corporation and each eligible charter school, determine the result
 25 of:
 26 (A) the sum of:
 27 (i) the STEP ONE result; plus
 28 (ii) any amount withheld in the previous year under
 29 subsection (k); multiplied by
 30 (B) the following percentage:
 31 (i) In the case of an eligible charter school, the charter
 32 school's percentage under STEP THREE of subsection
 33 (f).
 34 (ii) In the case of the school corporation, the school
 35 corporation's percentage under STEP FOUR of
 36 subsection (f).
 37 (i) Not later than August 15, 2027, and not later than August 15 of
 38 each calendar year thereafter, the department shall provide to each
 39 school corporation and each eligible charter school an estimate of the
 40 amount of property tax levy revenue the school corporation and eligible
 41 charter school are expected to receive under this section in the
 42 subsequent calendar year based on the most recent fall ADM count.

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1 (j) Beginning with distributions of property tax revenue under this
 2 section in 2028 and thereafter, in order to receive a distribution under
 3 this section, the governing body of an eligible charter school shall, not
 4 later than October 15, 2027, and not later than October 15 of each
 5 calendar year thereafter, adopt a budget for the current school year. Not
 6 later than ten (10) days before its adoption, the budget must be fixed
 7 and presented to the charter board in a public meeting in the county in
 8 which the eligible charter school is incorporated. Not later than
 9 November 1, 2027, and not later than November 1 of each calendar
 10 year thereafter, the governing body of the charter school shall submit:

- 11 (1) the budget that is adopted under this subsection;
 12 (2) the dates on which each requirement under this subsection
 13 was met; and
 14 (3) a statement from the governing body of the charter school
 15 attesting that the dates provided in subdivision (2) are true and
 16 accurate and that the budget was properly adopted under this
 17 subsection;

18 to the charter authorizer for review and to the department of local
 19 government finance to be posted publicly on the computer gateway
 20 under IC 6-1.1-17-3.

21 (k) If an eligible charter school does not satisfy the requirements
 22 of subsection (j) to receive distributions under this section during a
 23 calendar year, as determined by the department of local government
 24 finance, the eligible charter school may not receive a distribution of
 25 property tax revenue in that calendar year and the county auditor shall
 26 withhold the eligible charter school's distribution amount. The
 27 department of local government finance's determination of compliance
 28 consists only of a confirmation that the adopted budget and attestation
 29 statement are submitted not later than the applicable date under
 30 subsection (j). Any distribution amount withheld under this subsection
 31 shall be:

- 32 (1) added to the property tax revenue collections as described in
 33 STEP TWO of subsection (h); and
 34 (2) distributed among the school corporation and remaining
 35 eligible charter schools according to subsection (h);

36 in the calendar year that immediately follows the calendar year in
 37 which the distribution amount was withheld.

38 (l) This subsection applies only to distributions under subsection
 39 (h) in calendar years 2028, 2029, and 2030 to an eligible charter
 40 school. **Except as provided in subsection (m)**, instead of the amount
 41 determined under subsection (h) for a distribution to a particular
 42 eligible charter school from the revenue collected from the tax levy

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1 imposed under this chapter by a particular school corporation, the
2 county auditor shall make distributions according to the following:

3 (1) For a distribution in 2028, the county auditor shall distribute
4 an amount for a particular eligible charter school equal to:

- 5 (A) the applicable result of STEP TWO of subsection (h)
6 for the eligible charter school; multiplied by
7 (B) twenty-five hundredths (0.25).

8 (2) For a distribution in 2029, the county auditor shall distribute
9 an amount for a particular eligible charter school equal to:

- 10 (A) the applicable result of STEP TWO of subsection (h)
11 for the eligible charter school; multiplied by
12 (B) five-tenths (0.5).

13 (3) For a distribution in 2030, the county auditor shall distribute
14 an amount for a particular eligible charter school equal to:

- 15 (A) the applicable result of STEP TWO of subsection (h)
16 for the eligible charter school; multiplied by
17 (B) seventy-five hundredths (0.75).

18 Any amount of property tax revenue collected from the tax levy
19 imposed under this chapter by a particular school corporation that
20 remains after making the distributions according to this subsection
21 shall be distributed to the school corporation and are in addition to the
22 amount distributed to the school corporation under subsection (h) for
23 the applicable year. This subsection expires July 1, 2032.

24 **(m) This subsection applies only to distributions of revenue to:**

25 **(1) a school city (as defined in IC 20-25-2-12); and**

26 **(2) a charter school that:**

27 **(A) is located in the territory of a school city (as defined**
28 **in IC 20-25-2-12); and**

29 **(B) would otherwise receive a share of property tax**
30 **revenue from the school city under this section.**

31 **Before making any distribution under subsection (h) or (l), the**
32 **county auditor shall first distribute to the public education**
33 **corporation for deposit in the public education corporation**
34 **operations fund created under IC 20-25.3-6-1 an amount equal to**
35 **the percentage determined by the Indianapolis public corporation**
36 **board under IC 20-25.3-4-2(b).**

37 SECTION 21. IC 20-46-9-0.5 IS ADDED TO THE INDIANA
38 CODE AS A NEW SECTION TO READ AS FOLLOWS
39 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) Subject to subsection**
40 **(b), after March 31, 2026, a school city (as defined in**
41 **IC 20-25-2-12) may not exercise the powers and duties under this**
42 **chapter and instead, the public education corporation assumes the**

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1 powers and duties of the school city as set forth in IC 20-25.3-5.

2 (b) Notwithstanding subsection (a), the county auditor shall:

3 (1) determine the amounts of revenue to be distributed to the
4 school city and any charter schools as provided in this
5 chapter; and

6 (2) distribute revenue collected from a levy imposed under
7 this chapter to the school city and any charter schools as
8 provided in this chapter.

9 SECTION 22. IC 20-47-2-2.5 IS ADDED TO THE INDIANA
10 CODE AS A NEW SECTION TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. As used in this chapter,**
12 **"corporation board" refers to the Indianapolis public education**
13 **corporation board appointed under IC 20-25.3-3-2.**

14 SECTION 23. IC 20-47-2-3.5 IS ADDED TO THE INDIANA
15 CODE AS A NEW SECTION TO READ AS FOLLOWS
16 [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. As used in this chapter,**
17 **"public education corporation" refers to the Indianapolis public**
18 **education corporation established by IC 20-25.3-3-1.**

19 SECTION 24. IC 20-47-2-5, AS AMENDED BY P.L.233-2015,
20 SECTION 304, IS AMENDED TO READ AS FOLLOWS
21 [EFFECTIVE UPON PASSAGE]: **Sec. 5. (a) A school corporation or**
22 **the public education corporation** may lease a school building or
23 buildings for the use of:

- 24 (1) the school corporation **or public education corporation;** or
25 (2) a joint or consolidated school district of which the school
26 corporation is a part or to which it contributes;

27 for a term not to exceed thirty (30) years.

28 (b) A school corporation **or the public education corporation**
29 may not enter into a lease under this section unless the governing body
30 **or the corporation board,** after investigation, determines that a need
31 exists for the school building and that the school corporation **or public**
32 **education corporation** cannot provide the necessary funds to pay the
33 cost or its proportionate share of the cost of the school building or
34 buildings required to meet the present needs.

35 (c) If two (2) or more school corporations propose to jointly enter
36 into a lease under this section, joint meetings of the governing bodies
37 of the school corporations may be held, but action taken at a joint
38 meeting is not binding on any of those school corporations unless
39 approved by a majority of the governing body of those school
40 corporations. A lease executed by two (2) or more school corporations
41 as joint lessees must:

- 42 (1) set out the amount of the total lease rental to be paid by each

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1 lessee, which may be as agreed upon; and
 2 (2) provide that:
 3 (A) there is no right of occupancy by any lessee unless the
 4 total rental is paid as stipulated in the lease; and
 5 (B) all rights of joint lessees under the lease are in
 6 proportion to the amount of lease rental paid by each lessee.
 7 SECTION 25. IC 20-47-2-6, AS ADDED BY P.L.2-2006,
 8 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 9 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) A school corporation, ~~or~~
 10 **school corporations, or the public education corporation** may enter
 11 into a lease under this chapter only with a corporation organized under
 12 Indiana law solely for the purpose of acquiring a site, erecting a
 13 suitable school building or buildings on that site, leasing the building
 14 or buildings to the school corporation, ~~or school~~ corporations, ~~or~~
 15 **public education corporation** collecting the rentals under the lease,
 16 and applying the proceeds of the lease in the manner provided in this
 17 chapter.
 18 (b) A lessor corporation described in subsection (a):
 19 (1) must, except as provided in subdivision (2), act entirely
 20 without profit to the lessor corporation or its officers, directors,
 21 and stockholders;
 22 (2) is entitled to the return of capital actually invested, plus
 23 interest or dividends on outstanding securities or loans, not to
 24 exceed five percent (5%) per annum and the cost of maintaining
 25 the lessor corporation's corporate existence and keeping its
 26 property free of encumbrance; and
 27 (3) upon receipt of any amount of lease rentals exceeding the
 28 amount described in subdivision (2), apply the excess funds to
 29 the redemption and cancellation of the lessor corporation's
 30 outstanding securities or loans as soon as may be done.
 31 SECTION 26. IC 20-47-2-7, AS ADDED BY P.L.2-2006,
 32 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) A lease entered into
 34 under this chapter must include the following provisions:
 35 (1) An option for the school corporation, ~~or school~~ corporations,
 36 **or the public education corporation** to renew the lease for a
 37 further term on similar conditions.
 38 (2) An option for the school corporation, ~~or school~~ corporations,
 39 **or public education corporation** to purchase the property
 40 covered by the lease after six (6) years from the execution of the
 41 lease and before the expiration of the term of the lease, on the
 42 date or dates in each year as may be fixed in the lease. The

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- 1 purchase price:
- 2 (A) must be equal to the amount required to enable the
- 3 lessor corporation owning the property to liquidate by
- 4 paying all indebtedness, with accrued and unpaid interest,
- 5 redeeming and retiring any stock at par, and paying the
- 6 expenses and charges of liquidation; and
- 7 (B) may not exceed the capital actually invested in the
- 8 property by the lessor corporation represented by
- 9 outstanding securities or existing indebtedness, plus the cost
- 10 of transferring the property and liquidating the lessor
- 11 corporation.
- 12 (b) A lease entered into under this chapter may not provide or be
- 13 construed to provide that a school corporation **or the public education**
- 14 **corporation** is under any obligation to purchase a leased school
- 15 building or buildings, or under any obligation in respect to any
- 16 creditors, shareholders, or other security holders of the lessor
- 17 corporation.
- 18 SECTION 27. IC 20-47-2-10, AS ADDED BY P.L.2-2006,
- 19 SECTION 170, IS AMENDED TO READ AS FOLLOWS
- 20 [EFFECTIVE UPON PASSAGE]: Sec. 10. A school corporation, **or**
- 21 **school** corporations, **or the public education corporation** may, in
- 22 anticipation of the acquisition of a site and the construction and
- 23 erection of a school building or buildings, enter into a lease with a
- 24 lessor corporation before the actual acquisition of the site and the
- 25 construction and erection of the building or buildings. However, a lease
- 26 entered into under this section may not provide for the payment of any
- 27 lease rental by the lessee or lessees until the building or buildings are
- 28 ready for occupancy, at which time the stipulated lease rental may
- 29 begin. The contractor must furnish to the lessor corporation a bond
- 30 satisfactory to the lessor corporation conditioned upon the final
- 31 completion of the building or buildings within the period specified in
- 32 the contract.
- 33 SECTION 28. IC 20-47-2-11, AS ADDED BY P.L.2-2006,
- 34 SECTION 170, IS AMENDED TO READ AS FOLLOWS
- 35 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) After the lessor
- 36 corporation and the school corporation, **or school** corporations, **or the**
- 37 **public education corporation** have agreed upon the terms and
- 38 conditions of a lease proposed to be entered into under this chapter, and
- 39 before the final execution of the lease, a notice shall be given by
- 40 publication to all persons interested of a hearing or joint hearing to be
- 41 held before the governing body or governing bodies of the school
- 42 corporation or corporations **or the corporation board** authorized to

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- 1 approve the lease. The hearing must be not earlier than:
- 2 (1) ten (10) days after publication of the notice, if new
- 3 construction is proposed; or
- 4 (2) thirty (30) days after publication of the notice, if
- 5 improvement or expansion is proposed.
- 6 (b) The notice required by subsection (a) must:
- 7 (1) be published one (1) time in:
- 8 (A) a newspaper of general circulation printed in the
- 9 English language in the school corporation;
- 10 (B) a newspaper described in clause (A) in each school
- 11 corporation if the proposed lease is a joint lease; or
- 12 (C) if no such paper is published in the school corporation,
- 13 in any newspaper of general circulation published in the
- 14 county;
- 15 (2) name the date, time, and place of the hearing; and
- 16 (3) set forth a brief summary of the principal terms of the lease
- 17 agreed upon, including the:
- 18 (A) location of the property to be leased;
- 19 (B) name of the proposed lessor corporation;
- 20 (C) character of the property to be leased;
- 21 (D) rental to be paid; and
- 22 (E) number of years the lease is to be in effect.
- 23 The cost of publishing the notice shall be borne by the lessor
- 24 corporation.
- 25 (c) The proposed lease, drawings, plans, specifications, and
- 26 estimates for the school building or buildings must be available for
- 27 inspection by the public during the ten (10) day or thirty (30) day
- 28 period described in subsection (a) and at the hearing under section 12
- 29 of this chapter.
- 30 SECTION 29. IC 20-47-2-12, AS ADDED BY P.L.2-2006,
- 31 SECTION 170, IS AMENDED TO READ AS FOLLOWS
- 32 [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) At the hearing, all
- 33 interested persons have a right to be heard upon the necessity for the
- 34 execution of the proposed lease and whether the rental to be paid to the
- 35 lessor corporation under the proposed lease is a fair and reasonable
- 36 rental for the proposed building. The hearing may be adjourned to a
- 37 later date or dates.
- 38 (b) Within thirty (30) days following the termination of the
- 39 hearing, the governing body or bodies of the school corporation or
- 40 corporations **or the corporation board** may by a majority vote of all
- 41 members of the governing body or bodies **or corporation board**:
- 42 (1) authorize the execution of the proposed lease as originally

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1 agreed upon; or
2 (2) make modifications to the proposed lease that are agreed
3 upon with the lessor corporation.
4 However, the lease rentals as set out in the published notice may not be
5 increased in any modifications approved under subdivision (2).
6 SECTION 30. IC 20-47-2-13, AS AMENDED BY P.L.38-2021,
7 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 UPON PASSAGE]: Sec. 13. (a) If the execution of the lease as
9 originally agreed upon or as modified by agreement is authorized by
10 the governing body or bodies of the school corporation or corporations
11 **or the corporation board**, the governing body **or corporation board**
12 shall give notice of the signing of the lease by publication one (1) time
13 in:
14 (1) a newspaper of general circulation printed in the English
15 language in the school corporation;
16 (2) a newspaper described in subdivision (1) in each school
17 corporation if the proposed lease is a joint lease; or
18 (3) if no such newspaper is published in the school corporation,
19 in any newspaper of general circulation published in the county.
20 (b) This subsection does not apply to a lease for which a school
21 corporation **or the public education corporation** after June 30, 2008,
22 makes a preliminary determination as described in IC 6-1.1-20-3.1 or
23 IC 6-1.1-20-3.5 or a decision as described in IC 6-1.1-20-5, or, in the
24 case of a lease not subject to IC 6-1.1-20-3.1, IC 6-1.1-20-3.5, or
25 IC 6-1.1-20-5, adopts a resolution or ordinance authorizing the lease
26 after June 30, 2008. Within thirty (30) days after the publication of
27 notice under subsection (a), fifty (50) or more taxpayers in the school
28 corporation or corporations who:
29 (1) will be affected by the proposed lease; and
30 (2) are of the opinion that:
31 (A) necessity does not exist for the execution of the lease;
32 or
33 (B) the proposed rental provided for in the lease is not a fair
34 and reasonable rental;
35 may file a petition in the office of the county auditor of the county in
36 which the school corporation or corporations are located. The petition
37 must set forth the taxpayers' objections to the lease and facts showing
38 that the execution of the lease is unnecessary or unwise or that the lease
39 rental is not fair and reasonable, as the case may be.
40 (c) Upon the filing of a petition under subsection (b), the county
41 auditor shall immediately certify a copy of the petition, together with
42 any other data that is necessary to present the questions involved, to the

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1 department of local government finance. Upon receipt of the certified
 2 petition and data, if any, the department of local government finance
 3 shall fix a time, date, and place for the hearing of the matter, which
 4 may not be less than five (5) nor more than thirty (30) days thereafter.

5 The department of local government finance shall:

6 (1) conduct the hearing in the school corporation or corporations,
 7 in the county where the school corporation or corporations are
 8 located, or through electronic means; and

9 (2) give notice of the hearing to the members of the governing
 10 body or bodies of the school corporation or corporations **or the**
 11 **corporation board** and to the first fifty (50) taxpayers who
 12 signed the petition under subsection (b) by a letter signed by the
 13 commissioner or deputy commissioner of the department of local
 14 government finance and enclosed with full prepaid postage
 15 addressed to the taxpayer petitioners at their usual place of
 16 residence, at least five (5) days before the hearing.

17 The decision of the department of local government finance on the
 18 appeal upon the necessity for the execution of the lease and as to
 19 whether the rental is fair and reasonable, is final.

20 SECTION 31. IC 20-47-2-14, AS AMENDED BY P.L.146-2008,
 21 SECTION 516, IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE UPON PASSAGE]: Sec. 14. An action to contest the
 23 validity of the lease or to enjoin the performance of any of the terms
 24 and conditions of the lease may not be instituted at any time later than:

25 (1) thirty (30) days after publication of notice of the execution of
 26 the lease by the governing body or bodies of the school
 27 corporation or corporations **or the corporation board**; or

28 (2) if an appeal is allowed under section 13 of this chapter and
 29 has been taken to the department of local government finance,
 30 thirty (30) days after the decision of the department of local
 31 government finance.

32 SECTION 32. IC 20-47-2-15, AS ADDED BY P.L.113-2006,
 33 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 UPON PASSAGE]: Sec. 15. **(a) Except as provided in subsection (b),**
 35 the lessor corporation shall acquire, own, and hold in fee simple the
 36 land on which a school building or buildings are to be erected under
 37 this chapter.

38 **(b) The lessor corporation may acquire, own, and hold in fee**
 39 **simple the land by agreement and conveyance with a school**
 40 **corporation or with the public education corporation subject to the**
 41 **conditions of this section. The lessor corporation may lease such a**
 42 **school building directly to the public education corporation or to**

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1 **a school corporation. If the lessor corporation leases such a school**
 2 **building to a school corporation, the school corporation may assign**
 3 **or sublet its lease to the public education corporation.**

4 (c) A school corporation **or the public education corporation**
 5 that proposes to lease such a school building, either alone or jointly
 6 with another school corporation, and owns the land on which it desires
 7 that the building or buildings be erected may sell and transfer that land
 8 to the lessor corporation in fee simple, subject to the following
 9 conditions:

10 (1) Before the sale may take place, the governing body of the
 11 school corporation **or the corporation board** must file a petition
 12 with the circuit court of the county in which the school
 13 corporation is located, requesting the appointment of:

14 (A) one (1) disinterested freeholder of the school
 15 corporation as an appraiser; and

16 (B) two (2) disinterested appraisers licensed under
 17 IC 25-34.1;

18 who are residents of Indiana to determine the fair market value
 19 of the land. One (1) of the appraisers described in clause (B)
 20 must reside not more than fifty (50) miles from the land.

21 (2) Upon their appointment, the three (3) appraisers shall
 22 proceed to fix the fair market value of the land and shall report
 23 the amount fixed to the circuit court within two (2) weeks after
 24 their appointment.

25 (3) The school corporation **or public education corporation**
 26 may sell the land to the lessor corporation for an amount not less
 27 than the amount fixed as the fair market value by the three (3)
 28 appraisers, which shall be paid in cash upon delivery of the deed
 29 by the school corporation **or public education corporation** to
 30 the lessor corporation. However, if the land was acquired by the
 31 school corporation **or public education corporation** within
 32 three (3) years immediately preceding the date of the filing of the
 33 petition with the circuit court, the land may not be sold for an
 34 amount less than the amount paid by the school corporation **or**
 35 **public education corporation** for the land.

36 SECTION 33. IC 20-47-2-17, AS ADDED BY P.L.2-2006,
 37 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) As used in this section,
 39 "bonds" includes bonds, debentures, or other evidences of
 40 indebtedness.

41 (b) A lessor corporation having outstanding bonds that by their
 42 terms are redeemable before their maturities may issue bonds in the



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1 manner provided by section 16 of this chapter to refund the outstanding
 2 bonds. The refunding bonds may be issued in an amount not exceeding
 3 the sum of:

- 4 (1) the principal amount of the outstanding bonds;
- 5 (2) any premium required to be paid upon redemption of the
 6 outstanding bonds; and
- 7 (3) the estimated expenses to be incurred in connection with the
 8 issuance of the refunding bonds.

9 (c) The sum of the net interest cost to the lessor corporation of the
 10 refunding bonds plus the premium required to be paid in connection
 11 with the redemption of the outstanding bonds and the estimated
 12 expenses to be incurred in connection with the issuance of the
 13 refunding bonds may not exceed the total interest that would have been
 14 payable by the lessor corporation on the bonds being refunded from the
 15 date of redemption to the maturity of the bonds being refunded. Net
 16 interest cost on the refunding bonds is the amount determined by
 17 computing the total interest on all the refunding bonds to their
 18 maturities and deducting from that amount the premium bid, if any.

19 (d) Refunding bonds issued under this section:

- 20 (1) are legal and proper investments;
- 21 (2) are exempt from taxation; and
- 22 (3) may be sold without registration with or approval of the
 23 securities division of the office of the secretary of state or
 24 securities commissioner;

25 in the same manner, under the same conditions, and subject to the same
 26 limitations as any other bonds issued by lessor corporations under
 27 section 16 of this chapter. However, no proceedings or actions by the
 28 lessee nor approval by any board, commission, or agency are required
 29 in connection with the refunding, and the refunding authorized in this
 30 section does not affect the obligation of the lessee to pay the lease
 31 rental under the lease of the building or buildings.

32 (e) An action to contest the validity of refunding bonds issued
 33 under this section may not be brought after the fifteenth day following
 34 the receipt of bids for the bonds.

35 (f) In connection with the issuance of refunding bonds, the lessee
 36 school corporation, ~~or~~ school corporations, **or public education**
 37 **corporation** may enter into an amendment to the lease with the lessor
 38 corporation providing for an extension of the time set forth in the lease
 39 before the option of the lessee or lessees to purchase may be exercised
 40 to a time agreed upon between the lessee school corporation, ~~or~~ school
 41 corporations, **or public education corporation** and the lessor
 42 corporation.

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1 SECTION 34. IC 20-47-2-18, AS ADDED BY P.L.2-2006,
2 SECTION 170, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) As used in this section,

4 "bonds" means bonds, debentures, or other evidences of indebtedness.

5 (b) As used in this section, "improvement" or "improvements"
6 means one (1) or more of the following:

7 (1) Construction of a school building.

8 (2) An addition to a school building owned by a lessor
9 corporation or owned by the school corporation **or public**
10 **education corporation** to which a lessor corporation has leased
11 property under this chapter, and any remodeling incidental to
12 that addition.

13 (3) Remodeling of or construction of appurtenances to a school
14 building owned by a lessor corporation.

15 (c) A lessor corporation having outstanding bonds that by their
16 terms are redeemable before their maturities may issue bonds in the
17 manner provided under section 16 of this chapter to refund the
18 outstanding bonds and construction of improvements.

19 (d) Refunding and improvement bonds issued under this section:

20 (1) are legal and proper investments;

21 (2) are exempt from taxation; and

22 (3) may be sold without registration with or approval of the
23 securities division of the office of the secretary of state or the
24 securities commissioner;

25 in the same manner, under the same conditions, and subject to the same
26 limitations as any other bonds issued by lessor corporations under
27 section 16 of this chapter.

28 (e) In connection with the issuance of refunding and improvement
29 bonds, the lessee school corporation, ~~or~~ school corporations, **or public**
30 **education corporation** may enter into an amendment to the lease with
31 the lessor corporation providing for:

32 (1) an extension of the time set forth in the lease before the
33 option of the lessee or lessees to purchase may be exercised to a
34 time agreed upon between the lessee school corporation, ~~or~~
35 school corporations, **or public education corporation** and the
36 lessor corporation;

37 (2) an extension of the term of the lease, not to exceed ten (10)
38 years, to include the improvements in the description of the
39 leased property; and

40 (3) increased lease rental payments after the completion of the
41 improvements.

42 (f) No proceedings or actions by the lessee nor approval by any

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1 board, commission, or agency are required in connection with a
 2 refunding under this section, and the refunding does not affect the
 3 obligation of the lessee to pay the lease rental under the lease of the
 4 building or buildings. However, all provisions, restrictions, and
 5 limitations of this chapter that are not inconsistent with this section,
 6 including the petition of school patrons, notice of hearing, hearing,
 7 notice of execution, and right to file an objecting petition, apply to an
 8 amendment of the lease increasing the lease rental payments as if the
 9 amendment were an original lease.

10 (g) An action to contest the validity of refunding and improvement
 11 bonds issued under this section may not be brought after the fifteenth
 12 day following the receipt of bids for the bonds.

13 SECTION 35. IC 20-47-2-19, AS ADDED BY P.L.2-2006,
 14 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE UPON PASSAGE]: Sec. 19. A school corporation **or the**
 16 **public education corporation** that decides to exercise an option to
 17 purchase a school building under this chapter may issue general
 18 obligation bonds to procure funds to pay the cost of acquisition.
 19 General obligation bonds issued under this section must be authorized,
 20 issued, and sold in the manner provided for the authorization, issuance,
 21 and sale of bonds by school corporations **or the public education**
 22 **corporation** for school building purposes.

23 SECTION 36. IC 20-47-2-20, AS AMENDED BY P.L.244-2017,
 24 SECTION 108, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE UPON PASSAGE]: Sec. 20. A school corporation **or the**
 26 **public education corporation** that executes a lease under this chapter
 27 shall annually appropriate from its debt service fund or ~~general fund~~
 28 ~~(before January 1, 2019)~~ or operations fund ~~(after December 31, 2018)~~
 29 an amount sufficient to pay the lease rental required under the lease.
 30 The appropriation is reviewable by other bodies vested by law with
 31 such authority to ascertain that the specified amount is sufficient to
 32 meet the lease rental required under the lease. The first specific
 33 appropriation shall be made at the first budget period following the
 34 date of the execution of the lease, and the first annual appropriation
 35 must be sufficient to pay the estimated amount of the first annual lease
 36 rental payment to be made under the lease. Thereafter, the annual
 37 appropriations provided for in this section shall be made, and payments
 38 shall be made from the debt service fund.

39 SECTION 37. IC 20-47-2-21, AS AMENDED BY P.L.79-2017,
 40 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 UPON PASSAGE]: Sec. 21. Property owned by a lessor corporation
 42 entering into a lease with a school corporation, **or school** corporations,

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1 **or the public education school corporation** under this chapter, and
 2 all stock and other securities (including the interest or dividends)
 3 issued by a lessor corporation, are exempt from all state, county, and
 4 other taxes, except the financial institutions tax (IC 6-5.5).

5 SECTION 38. IC 20-47-2-22, AS ADDED BY P.L.2-2006,
 6 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 22. This chapter shall be
 8 construed as being supplemental to all other laws covering the
 9 acquisition, use, and maintenance of school buildings by school
 10 corporations **or the public education corporation**. However, as to
 11 school buildings constructed, acquired, leased, or purchased under this
 12 chapter, it is not necessary to comply with other laws concerning the
 13 acquisition, use, and maintenance of school buildings by school
 14 corporations **or the public education corporation** except as
 15 specifically required in this chapter.

16 SECTION 39. IC 20-47-2-23, AS AMENDED BY P.L.244-2017,
 17 SECTION 109, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) Upon the termination of
 19 a lease entered into under this chapter, the lessor corporation shall
 20 return to the school corporation **or the public education corporation**
 21 any money held by the lessor corporation that exceeds the amount
 22 needed to retire bonds issued under this chapter and to dissolve the
 23 lessor corporation.

24 (b) A school corporation **or the public education corporation**
 25 shall deposit the money received under subsection (a) in its debt
 26 service fund or operations fund.

27 SECTION 40. IC 20-47-3-1.3 IS ADDED TO THE INDIANA
 28 CODE AS A NEW SECTION TO READ AS FOLLOWS
 29 [EFFECTIVE UPON PASSAGE]: Sec. 1.3. **As used in this chapter,**
 30 **"corporation board" refers to the Indianapolis public education**
 31 **corporation board appointed under IC 20-25.3-3-2.**

32 SECTION 41. IC 20-47-3-1.5 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE UPON PASSAGE]: Sec. 1.5. **As used in this chapter,**
 35 **"public education corporation" refers to the Indianapolis public**
 36 **education corporation established by IC 20-25.3-3-1.**

37 SECTION 42. IC 20-47-3-3, AS AMENDED BY P.L.233-2015,
 38 SECTION 305, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A school corporation **or**
 40 **the public education corporation** may lease a school building or
 41 buildings for the use of:

42 (1) the school corporation **or public education corporation;** or

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1 (2) a joint or consolidated school district of which the school
 2 corporation is a part or to which it contributes;
 3 for a term not to exceed fifty (50) years.

4 (b) A school corporation **or the public education corporation**
 5 may not enter into a lease under this section unless the governing body
 6 **or corporation board**, after investigation, determines that a need
 7 exists for the school building.

8 (c) If two (2) or more school corporations propose to jointly enter
 9 into a lease under this section, joint meetings of the governing bodies
 10 of the school corporations may be held, but action taken at a joint
 11 meeting is not binding on any of those school corporations unless
 12 approved by a majority of the governing body of each of those school
 13 corporations. A lease executed by two (2) or more school corporations
 14 as joint lessees must:

15 (1) set out the amount of the total lease rental to be paid by each
 16 lessee, which may be as agreed upon; and

17 (2) provide that:

18 (A) there is no right of occupancy by any lessee unless the
 19 total rental is paid as stipulated in the lease; and

20 (B) all rights of joint lessees under the lease are in
 21 proportion to the amount of lease rental paid by each lessee.

22 SECTION 43. IC 20-47-3-4, AS ADDED BY P.L.2-2006,
 23 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 24 [EFFECTIVE UPON PASSAGE]: Sec. 4. A school corporation, **or**
 25 **school corporations, or the public education corporation** may enter
 26 into a lease or lease with option to purchase under this chapter only
 27 with:

28 (1) a corporation organized under Indiana law or admitted to do
 29 business in Indiana; or

30 (2) a religious organization (or the organization's agent) that is
 31 exempt from federal income taxation under Section 501 of the
 32 Internal Revenue Code.

33 SECTION 44. IC 20-47-3-5, AS AMENDED BY P.L.146-2008,
 34 SECTION 517, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
 36 subsections (d) and (e), a lease must provide that the school
 37 corporation, **or school corporations, or the public education**
 38 **corporation** have an option to:

39 (1) renew the lease for a further term on like conditions; and

40 (2) purchase the property covered by the lease;

41 with the terms and conditions of the purchase to be specified in the
 42 lease, subject to the approval of the department of local government

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- 1 finance.
- 2 (b) If the option to purchase the property covered by the lease is
 3 exercised, the school corporation, ~~or school~~ corporations, **or public**
 4 **education corporation** to procure funds to pay the purchase price, may
 5 issue and sell bonds under the provisions of the general statute
 6 governing the issue and sale of bonds of the school corporation, ~~or~~
 7 **school** corporations, **or public education corporation**. The purchase
 8 price may not be more than the purchase price set forth in the lease
 9 plus:
- 10 (1) two percent (2%) of the purchase price as prepayment
 11 penalty for purchase within the first five (5) years of the lease
 12 term; or
- 13 (2) one percent (1%) of the purchase price as prepayment
 14 penalty for purchase in the second five (5) years of the lease
 15 term;
- 16 and thereafter the purchase shall be without prepayment penalty.
- 17 (c) However:
- 18 (1) if the school corporation, ~~or school~~ corporations, **or the**
 19 **public education corporation** have not exercised an option to
 20 purchase the property covered by the lease at the expiration of
 21 the lease; and
- 22 (2) upon the full discharge and performance by the school
 23 corporation, ~~or school~~ corporations, **or public education**
 24 **corporation** of their obligations under the lease;
- 25 the property covered by the lease becomes the absolute property of the
 26 school corporation, ~~or school~~ corporations, **or public education**
 27 **corporation**, and the lessor corporation shall execute proper
 28 instruments conveying to the school corporation, ~~or school~~
 29 corporations, **or public education corporation** good and merchantable
 30 title to that property.
- 31 (d) The following provisions apply to a school corporation that is
 32 located in Dubois County and enters into a lease with a religious
 33 organization or the organization's agent as authorized under section 4
 34 of this chapter:
- 35 (1) The lease is not required to include on behalf of the school
 36 corporation an option to purchase the property covered by the
 37 lease.
- 38 (2) The lease must include an option to renew the lease.
- 39 (3) The property covered by the lease is not required to become
 40 the absolute property of the school corporation as provided in
 41 subsection (c).
- 42 (e) In the case of a lease for which a school corporation **or the**

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1 **public education corporation:**
 2 (1) after June 30, 2008, makes a preliminary determination as
 3 described in IC 6-1.1-20-3.1 or IC 6-1.1-20-3.5 or a decision as
 4 described in IC 6-1.1-20-5; or
 5 (2) in the case of a lease not subject to IC 6-1.1-20-3.1,
 6 IC 6-1.1-20-3.5, or IC 6-1.1-20-5, adopts a resolution or
 7 ordinance authorizing the lease after June 30, 2008;
 8 the terms and conditions of the purchase that are specified in the lease
 9 are not subject to the approval of the department of local government
 10 finance.

11 SECTION 45. IC 20-47-3-8, AS AMENDED BY P.L.146-2008,
 12 SECTION 518, IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Except as provided in
 14 subsection (b), a school corporation, **or school** corporations, **or the**
 15 **public education corporation** may, in anticipation of the acquisition
 16 of a site and the construction and erection of a school building or
 17 buildings, and, subject to the approval of the department of local
 18 government finance, enter into a lease with a lessor corporation before
 19 the actual acquisition of the site and the construction and erection of
 20 the building or buildings. However, the lease entered into by the school
 21 corporation, **or school** corporations, **or public education corporation**
 22 may not provide for the payment of any lease rental by the lessee or
 23 lessees until the building or buildings are ready for occupancy, at
 24 which time the stipulated lease rental may begin. The lessor
 25 corporation shall furnish a bond to the approval of the lessee or lessees
 26 conditioned on the final completion of the building or buildings within
 27 a period not to exceed one (1) year from the date of the execution of the
 28 lease, unavoidable delays excepted.

29 (b) In the case of a lease for which a school corporation **or the**
 30 **public education corporation:**
 31 (1) after June 30, 2008, makes a preliminary determination as
 32 described in IC 6-1.1-20-3.1 or IC 6-1.1-20-3.5 or a decision as
 33 described in IC 6-1.1-20-5; or
 34 (2) in the case of a lease not subject to IC 6-1.1-20-3.1,
 35 IC 6-1.1-20-3.5, or IC 6-1.1-20-5, adopts a resolution or
 36 ordinance authorizing the lease after June 30, 2008;
 37 the approval of the department of local government finance is not
 38 required.

39 SECTION 46. IC 20-47-3-9, AS ADDED BY P.L.2-2006,
 40 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) After the lessor
 42 corporation and the school corporation, **or school** corporations, **or**

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1 **public education corporation** have agreed upon the terms and
 2 conditions of a lease proposed to be entered into under this chapter, and
 3 before the final execution of the lease, a notice shall be given by
 4 publication to all persons interested of a hearing or joint hearing to be
 5 held before the governing body or governing bodies of the school
 6 corporations **or the corporation board** authorized to approve the
 7 lease. The hearing must be not earlier than:

8 (1) ten (10) days after publication of the notice, if new
 9 construction is proposed; or

10 (2) thirty (30) days after publication of the notice, if
 11 improvement or expansion is proposed.

12 (b) The notice required by subsection (a) must:

13 (1) be published one (1) time in:

14 (A) a newspaper of general circulation printed in the
 15 English language in the school corporation;

16 (B) a newspaper described in clause (A) in each school
 17 corporation if the proposed lease is a joint lease; or

18 (C) if no such paper is published in the school corporation,
 19 in any newspaper of general circulation published in the
 20 county;

21 (2) name the date, time, and place of the hearing; and

22 (3) set forth a brief summary of the principal terms of the lease
 23 agreed upon, including the:

24 (A) location of the property to be leased;

25 (B) name of the proposed lessor corporation;

26 (C) character of the property to be leased;

27 (D) rental to be paid; and

28 (E) number of years the lease is to be in effect.

29 The cost of publication of the notice shall be paid by the lessor
 30 corporation.

31 (c) The proposed lease, drawings, plans, specifications, and
 32 estimates for the school building or buildings must be available for
 33 inspection by the public during the ten (10) day or thirty (30) day
 34 period described in subsection (a) and at the hearing under section 10
 35 of this chapter.

36 SECTION 47. IC 20-47-3-10, AS ADDED BY P.L.2-2006,
 37 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) At the hearing, all
 39 interested persons have a right to be heard upon the necessity for the
 40 execution of the proposed lease and whether the rental to be paid to the
 41 lessor corporation under the proposed lease is a fair and reasonable
 42 rental for the proposed building. The hearing may be adjourned to a

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1 later date or dates.

2 (b) Not later than thirty (30) days following the termination of the
3 hearing, the governing body or bodies of the school corporation or
4 corporations **or the corporation board** may by a majority vote of all
5 members of the governing body or bodies **or the corporation board**:

6 (1) authorize the execution of the lease as originally agreed
7 upon; or

8 (2) make modifications to the proposed lease as agreed upon
9 with the lessor corporation.

10 However, the lease rentals as set out in the published notice may not be
11 increased.

12 SECTION 48. IC 20-47-3-11, AS AMENDED BY P.L.38-2021,
13 SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 UPON PASSAGE]: Sec. 11. (a) If the execution of the lease as
15 originally agreed upon or as modified by agreement is authorized by
16 the governing body or bodies of the school corporation or corporations
17 **or the corporation board**, the governing body **or corporation board**
18 shall give notice of the signing of the lease by publication one (1) time
19 in:

20 (1) a newspaper of general circulation printed in the English
21 language in the school corporation;

22 (2) a newspaper described in subdivision (1) in each school
23 corporation if the proposed lease is a joint lease; or

24 (3) if no such newspaper is published in the school corporation,
25 in any newspaper of general circulation published in the county.

26 (b) This subsection does not apply to leases for which a school
27 corporation **or the public education corporation** after June 30, 2008,
28 makes a preliminary determination as described in IC 6-1.1-20-3.1 or
29 IC 6-1.1-20-3.5 or a decision as described in IC 6-1.1-20-5, or, in the
30 case of leases not subject to IC 6-1.1-20-3.1, IC 6-1.1-20-3.5, or
31 IC 6-1.1-20-5, adopts a resolution or ordinance authorizing the lease
32 after June 30, 2008. Within thirty (30) days after the publication of
33 notice under subsection (a), ten (10) or more taxpayers in the school
34 corporation or corporations who:

35 (1) will be affected by the proposed lease; and

36 (2) are of the opinion that:

37 (A) no necessity exists for the execution of the lease; or

38 (B) the proposed rental provided for in the lease is not a fair
39 and reasonable rental;

40 may file a petition in the office of the county auditor of the county in
41 which the school corporation or corporations are located. The petition
42 must set forth the taxpayers' objections to the lease and facts showing

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1 that the execution of the lease is unnecessary or unwise, or that the
2 lease rental is not fair and reasonable, as the case may be.

3 (c) Upon the filing of a petition under subsection (b), the county
4 auditor shall immediately certify a copy of the petition and any other
5 data that is necessary to present the questions involved to the
6 department of local government finance. Upon receipt of the certified
7 petition and data, if any, the department of local government finance
8 shall fix a date, time, and place for the hearing of the matter, which
9 may not be less than five (5) nor more than thirty (30) days after receipt
10 of the petition and data, if any. The department of local government
11 finance shall:

12 (1) conduct the hearing in the school corporation or corporations,
13 in the county where the school corporation or corporations are
14 located, or through electronic means; and

15 (2) give notice of the hearing to the members of the governing
16 body or bodies of the school corporation or corporations **or the**
17 **corporation board** and to the first ten (10) taxpayer petitioners
18 upon the petition by a letter signed by the commissioner or
19 deputy commissioner of the department of local government
20 finance, and enclosed with full prepaid postage addressed to the
21 taxpayer petitioners at their usual place of residence, at least five
22 (5) days before the hearing.

23 The decision of the department of local government finance on the
24 appeal upon the necessity for the execution of the lease, and as to
25 whether the rental is fair and reasonable, is final.

26 SECTION 49. IC 20-47-3-12, AS AMENDED BY P.L.146-2008,
27 SECTION 520, IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE UPON PASSAGE]: Sec. 12. An action to contest the
29 validity of the lease or to enjoin the performance of any of the terms
30 and conditions of the lease may not be instituted at any time later than:

31 (1) thirty (30) days after publication of notice of the execution of
32 the lease by the governing body or bodies of the school
33 corporation or corporations **or the corporation board**; or

34 (2) if an appeal is allowed under section 11 of this chapter and
35 has been taken to the department of local government finance,
36 thirty (30) days after the decision of the department of local
37 government finance.

38 SECTION 50. IC 20-47-3-13, AS AMENDED BY P.L.113-2006,
39 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 UPON PASSAGE]: Sec. 13. **(a) Except as provided in subsection (b),**
41 the lessor corporation shall acquire, own, and hold in fee simple the
42 land on which a school building or buildings are to be erected under

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1 this chapter.

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

10 **(c) A school corporation or the public education corporation**
 11 that proposes to lease a school building, either alone or jointly with
 12 another school corporation, and owns the land on which it desires to be
 13 erected the building or buildings may sell and transfer that land to the
 14 lessor corporation in fee simple, subject to the following conditions:

15 (1) Before the sale may take place, the governing body of the
 16 school corporation **or the corporation board** must file a petition
 17 with the circuit court of the county in which the school
 18 corporation is located, requesting the appointment of:

19 (A) one (1) disinterested freeholder of the school
 20 corporation as an appraiser; and

21 (B) two (2) disinterested appraisers licensed under
 22 IC 25-34.1;

23 who are residents of Indiana to determine the fair market value
 24 of the land. One (1) of the appraisers described in clause (B)
 25 must reside not more than fifty (50) miles from the land.

26 (2) Upon appointment, the three (3) appraisers shall proceed to
 27 fix the fair market value of the land and shall report the amount
 28 fixed to the circuit court within two (2) weeks after the
 29 appointment.

30 (3) The school corporation **or the public education corporation**
 31 may sell the land to the lessor corporation for an amount not less
 32 than the amount fixed by the three (3) appraisers as the fair
 33 market value, which shall be paid in cash upon delivery of the
 34 deed by the school corporation **or the public education**
 35 **corporation** to the lessor corporation. However, if the land was
 36 acquired by the school corporation **or public education**
 37 **corporation** within three (3) years immediately preceding the
 38 date of the filing of the petition with the circuit court, the land
 39 may not be sold for an amount less than the amount paid by the
 40 school corporation **or public education corporation** for the
 41 land.

42 SECTION 51. IC 20-47-3-14, AS ADDED BY P.L.2-2006,

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1 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE UPON PASSAGE]: Sec. 14. A school corporation **or the**
 3 **public education corporation** that executes a lease under this chapter
 4 shall annually appropriate and pay out of the debt service fund an
 5 amount sufficient to pay the lease rental required under the lease. The
 6 appropriation and rate are reviewable by other bodies vested by law
 7 with the authority to determine that the levy is sufficient to raise the
 8 amount required to meet the rental required under the lease.

9 SECTION 52. IC 20-47-3-15, AS ADDED BY P.L.2-2006,
 10 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE UPON PASSAGE]: Sec. 15. School buildings leased by
 12 a lessor corporation entering into a lease with a school corporation, **or**
 13 **school corporations, or the public education corporation** under this
 14 chapter are exempt from all state, county, and other taxes. However,
 15 the rental payments to a lessor corporation under the terms of such a
 16 lease are subject to all applicable taxes under Indiana law.

17 SECTION 53. IC 20-47-3-16, AS ADDED BY P.L.2-2006,
 18 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE UPON PASSAGE]: Sec. 16. This chapter shall be
 20 construed as being supplemental to all other laws covering the
 21 acquisition, use, and maintenance of school buildings by school
 22 corporations **or the public education corporation**. However, as to
 23 school buildings constructed or leased under this chapter, it is not
 24 necessary to comply with the provisions of other laws concerning the
 25 acquisition, use, and maintenance of school buildings by school
 26 corporations **or the public education corporation** except as
 27 specifically required in this chapter.

28 SECTION 54. IC 20-47-3-18, AS AMENDED BY P.L.244-2017,
 29 SECTION 110, IS AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) Upon the termination of
 31 a lease entered into under this chapter, the lessor corporation shall
 32 return to the school corporation **or public education corporation** any
 33 money held by the lessor corporation that exceeds the amount needed
 34 to retire bonds issued under this chapter and to dissolve the lessor
 35 corporation.

36 (b) A school corporation **or the public education corporation**
 37 shall deposit the money received under subsection (a) in its debt
 38 service fund or its operations fund.

39 SECTION 55. IC 20-47-4-1, AS ADDED BY P.L.2-2006,
 40 SECTION 170, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 1. This chapter applies to the
 42 lease by a school corporation **or the public education corporation** of

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1 an existing school building or improved school building under
2 IC 20-47-2 or IC 20-47-3.

3 SECTION 56. IC 20-47-4-3.5 IS ADDED TO THE INDIANA
4 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. As used in this chapter,**
6 **"public education corporation" refers to the Indianapolis public**
7 **education corporation established by IC 20-25.3-3-1.**

8 SECTION 57. IC 20-47-4-5, AS ADDED BY P.L.2-2006,
9 SECTION 170, IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE UPON PASSAGE]: Sec. 5. A lessor corporation
11 qualified or formed to acquire a site, erect a school building on the site,
12 and lease the school building to a school corporation **or the public**
13 **education corporation** under IC 20-47-2 or IC 20-47-3 may:

- 14 (1) be qualified or formed to acquire, improve, or expand a
15 existing school building;
16 (2) acquire, improve, or expand an existing school building;
17 (3) finance an existing school building or improved school
18 building; and
19 (4) lease an existing school building or improved school building
20 to a school corporation **or the public education corporation**
21 under applicable law.

22 SECTION 58. IC 20-47-4-6, AS AMENDED BY P.L.146-2008,
23 SECTION 521, IS AMENDED TO READ AS FOLLOWS
24 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) A lessor corporation may
25 acquire and finance an existing school building, other than as provided
26 in section 5 of this chapter, and lease the existing school building to a
27 school corporation **or the public education corporation**. A school
28 corporation **or the public education corporation** shall comply with:

- 29 (1) IC 20-47-2 or IC 20-47-3;
30 (2) the petition and remonstrance provisions under IC 6-1.1-20
31 (if required); and
32 (3) the local public question provisions under IC 6-1.1-20 (if
33 required).

34 (b) A lease made under this section may provide for the payment
35 of lease rentals by the school corporation **or public education**
36 **corporation** for the use of the existing school building.

37 (c) Lease rental payments made under the lease do not constitute
38 a debt of the school corporation **or public education corporation** for
39 purposes of the Constitution of the State of Indiana.

40 (d) A new school building may be substituted for the existing
41 school building under the lease if the substitution was included in the
42 notices given under IC 20-47-2, IC 20-47-3, and IC 6-1.1-20. A new

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1 school building must be substituted for the existing school building
2 upon completion of the new school building.

3 SECTION 59. IC 20-47-4-7, AS ADDED BY P.L.2-2006,
4 SECTION 170, IS AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: Sec. 7. A school corporation **or the**
6 **public education corporation** may not pay a legal or other
7 professional fee as the result of an exchange or a substitution under
8 section 5 or 6 of this chapter.

9 SECTION 60. IC 20-47-4-8, AS ADDED BY P.L.2-2006,
10 SECTION 170, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Except as provided in
12 subsection (b), the lease or contract of lease of an existing school
13 building or improved school building to a school corporation **or the**
14 **public education corporation** as authorized by this chapter must
15 comply with all applicable terms of IC 20-47-2 or IC 20-47-3,
16 including:

- 17 (1) the notice of hearing on the lease;
- 18 (2) public hearing;
- 19 (3) notice of execution of lease; and
- 20 (4) the submission of plans and specifications for the
21 improvement or expansion of the existing school building for
22 approval by the state agencies designated in IC 20-47-2 or
23 IC 20-47-3 or otherwise required by law or rule.

24 (b) If a school corporation **or the public education corporation**
25 is occupying and using an existing school building during the
26 renovation, remodeling, or expansion of the building, the lease or
27 contract of lease may provide for the payment of lease rental by the
28 school corporation **or public education corporation** for the use of the
29 building during renovation, remodeling, or expansion.

30 SECTION 61. IC 20-47-4-9, AS ADDED BY P.L.2-2006,
31 SECTION 170, IS AMENDED TO READ AS FOLLOWS
32 [EFFECTIVE UPON PASSAGE]: Sec. 9. The sale price of an existing
33 school building must be determined under the provisions of IC 20-47-2
34 or IC 20-47-3 relating to the sale of land to a lessor corporation. Except
35 as provided in this section, IC 20-26-7 and any other law relating to the
36 sale of the property of school corporations **or the public education**
37 **corporation** or other public property do not apply to the sale of an
38 existing school building to a lessor corporation under this chapter.

39 SECTION 62. IC 20-47-4-10, AS AMENDED BY P.L.244-2017,
40 SECTION 111, IS AMENDED TO READ AS FOLLOWS
41 [EFFECTIVE UPON PASSAGE]: Sec. 10. A school corporation **or the**
42 **public education corporation** that sells an existing school building

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1 under section 6 of this chapter shall deposit the proceeds of the sale in
 2 the school corporation's **or the public education corporation's**
 3 operations fund and use the proceeds only for:

- 4 (1) new construction of school buildings;
- 5 (2) related site acquisition; and
- 6 (3) related site development.

7 However, any amount of the proceeds of the sale that are not used for
 8 a purpose described in subdivisions (1) through (3) within one (1) year
 9 after the school corporation **or public education corporation** receives
 10 the proceeds must be transferred to the school corporation's **or public**
 11 **education corporation's** debt service fund.

12 SECTION 63. IC 20-48-1-11, AS AMENDED BY P.L.9-2024,
 13 SECTION 403, IS AMENDED TO READ AS FOLLOWS
 14 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) ~~As used in this section;~~

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

16 (1) "Debt service obligations" refers to the principal and interest
 17 payable:

- 18 (1) ~~(A)~~ (A) on a school corporation's general obligation bonds
 19 and lease rentals under IC 20-47-2 and IC 20-47-3; or
- 20 (2) ~~(B)~~ (B) to a school corporation's designated paying agent
 21 under a written agreement entered into in connection with
 22 the issuance of the school corporation's general obligation
 23 bonds.

24 (2) **Beginning April 1, 2026, and ending June 30, 2027, and**
 25 **subject to subsection (f), "school corporation" means the**
 26 **following:**

27 (A) **A school corporation (as defined in**
 28 **IC 20-18-2-16(a)).**

29 (B) **The Indianapolis public education corporation**
 30 **established by IC 20-25.3-3-1.**

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

32 (b) Before the end of each calendar year, the department of local
 33 government finance shall review the bond and lease rental levies, or
 34 any levies that replace bond and lease rental levies, of each school
 35 corporation that are payable in the next succeeding calendar year and
 36 the appropriations from the levies from which the school corporation
 37 is to pay the amount, if any, of the school corporation's debt service
 38 obligations for that next succeeding calendar year. If the levies and
 39 appropriations of the school corporation are not sufficient to pay the
 40 debt service obligations for the next succeeding calendar year, the
 41 department of local government finance shall establish for each school
 42 corporation:

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1 (1) bond or lease rental levies, or any levies that replace the bond
 2 and lease rental levies; and
 3 (2) appropriations;
 4 that are sufficient to pay the debt service obligations for that next
 5 succeeding calendar year.

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

30 (d) Notwithstanding any other law to the contrary, amounts made
 31 available to the treasurer of state for purposes of subsection (c) shall be
 32 made from the following sources, in the following amounts, and in the
 33 following order of priority:

- 34 (1) First, from amounts appropriated by the general assembly for
 35 the state fiscal year for distribution to the school corporation
 36 from state funds.
- 37 (2) Second, and to the extent that the amounts described in
 38 subdivision (1) are insufficient, from any remaining amounts
 39 appropriated by the general assembly for distribution for tuition
 40 support in each state fiscal year in excess of the aggregate
 41 amount of tuition support needed for distribution to school
 42 corporations in accordance with the schedule set and approved

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1 in accordance with IC 20-43-2-1.
2 (3) Third, and to the extent that the amounts described in
3 subdivisions (1) and (2) are insufficient and the general
4 assembly has adopted a biennial budget appropriating amounts
5 in the immediately succeeding state fiscal year for distribution
6 to the school corporation from state funds, then from such fund
7 or account, as determined by the state budget director, from
8 which fund or account there is appropriated to the treasurer of
9 state in the current state fiscal year an amount equal to the lesser
10 of:

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

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

- 20 (1) deducting an amount equal to the transfer from any future
21 amounts to be distributed to the school corporation from state
22 funds appropriated by the general assembly; and
- 23 (2) transferring any amount deducted under subdivision (1) to
24 the treasurer of state for the purpose of allowing the treasurer of
25 state to reimburse the fund or account from which the transfer
26 was made.

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

- 29 (1) first, from all funds except state tuition support; and
- 30 (2) second, from state tuition support.

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

35 **(h) Notwithstanding subsections (e) and (f), beginning April 1,**
36 **2026, and ending June 30, 2027, the reduction of distributions**
37 **under subsections (e) and (f) to pay for debt service obligations**
38 **issued by the Indianapolis public education corporation must be**
39 **made from the reduction of distributions to the school city (as**
40 **defined in IC 20-25-2-12). This subsection expires July 1, 2027.**

41 SECTION 64. IC 20-48-3-0.5 IS ADDED TO THE INDIANA
42 CODE AS A NEW SECTION TO READ AS FOLLOWS

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1 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. After March 31, 2026, the**
 2 **public education corporation may exercise the same powers, duties,**
 3 **and responsibilities granted to the school city under this chapter as**
 4 **set forth in IC 20-25.3.**

5 SECTION 65. IC 36-3-6-9, AS AMENDED BY P.L.137-2012,
 6 SECTION 118, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) **This section does not**
 8 **apply to the Indianapolis public education corporation established**
 9 **by IC 20-25.3-3-1.**

10 (b) Except as provided in subsection ~~(d)~~; (e), the city-county
 11 legislative body shall review the proposed operating and maintenance
 12 budgets and tax levies and adopt final operating and maintenance
 13 budgets and tax levies for each of the following entities in the county:

- 14 (1) An airport authority operating under IC 8-22-3.
- 15 (2) A public library operating under IC 36-12.
- 16 (3) A capital improvement board of managers operating under
 17 IC 36-10.
- 18 (4) A public transportation corporation operating under
 19 IC 36-9-4.
- 20 (5) A health and hospital corporation established under
 21 IC 16-22-8.
- 22 (6) Any other taxing unit (as defined in IC 6-1.1-1-21) that is
 23 located in the county and has a governing body that is not
 24 comprised of a majority of officials who are elected to serve on
 25 the governing body.

26 Except as provided in subsection ~~(e)~~; (d), the city-county legislative
 27 body may reduce or modify but not increase a proposed operating and
 28 maintenance budget or tax levy under this section.

29 ~~(b)~~ (c) The board of each entity listed in subsection ~~(a)~~ (b) shall,
 30 after adoption of its proposed budget and tax levies, submit them, along
 31 with detailed accounts, to the city clerk before September 2.

32 ~~(e)~~ (d) The city-county legislative body or, when subsection ~~(d)~~ (e)
 33 applies, the fiscal body of an excluded city or town shall review the
 34 issuance of bonds of an entity listed in subsection ~~(a)~~; (b). Approval of
 35 the city-county legislative body or, when subsection ~~(d)~~ (e) applies, the
 36 fiscal body of an excluded city or town is required for the issuance of
 37 bonds. The city-county legislative body or the fiscal body of an
 38 excluded city or town may not reduce or modify a budget or tax levy of
 39 an entity listed in subsection ~~(a)~~ (b) in a manner that would:

- 40 (1) limit or restrict the rights vested in the entity to fulfill the
 41 terms of any agreement made with the holders of the entity's
 42 bonds; or

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1 (2) in any way impair the rights or remedies of the holders of the
 2 entity's bonds.
 3 ~~(d)~~ (e) If the assessed valuation of a taxing unit is entirely
 4 contained within an excluded city or town (as described in IC 36-3-1-7)
 5 that is located in a county having a consolidated city, the governing
 6 body of the taxing unit shall submit its proposed operating and
 7 maintenance budget and tax levies to the city or town fiscal body for
 8 approval and not the city-county legislative body. Except as provided
 9 in subsection ~~(c)~~; (d), the fiscal body of the excluded city or town may
 10 reduce or modify but not increase a proposed operating and
 11 maintenance budget or tax levy under this section.
 12 SECTION 66. **An emergency is declared for this act.**

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