

# SENATE BILL No. 77

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-26-7.1.

**Synopsis:** Sale of school buildings. Provides that a governing body of a school corporation located in a county with a population of less than 150,000 has one year from the date the governing body determines at a public meeting to cease using a covered school building for classroom instruction on student instructional days to sell the covered school building to a county or municipal government at a mutually agreed upon price before the covered school building must be made available for lease or purchase to a charter school or state educational institution. Makes conforming changes.

**Effective:** July 1, 2026.

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December 8, 2025, read first time and referred to Committee on Education and Career Development.

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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 a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## SENATE BILL No. 77

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 20-26-7.1-3, AS AMENDED BY P.L.36-2024,  
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 3. (a) Except as provided in section 1 of this  
4 chapter or subsection (b), (c), or (d), **and subject to the requirements**  
5 **of section 3.5 of this chapter**, before a governing body may sell,  
6 exchange, lease, demolish, hold without operating, or dispose of a  
7 covered school building, a governing body shall make available for  
8 lease or purchase by a charter school or state educational institution  
9 any covered school building owned by the school corporation or any  
10 other entity that is related in any way to, or created by, the school  
11 corporation or the governing body, including a building corporation,  
12 that the governing body elects to close or the school corporation is  
13 required to close under IC 20-26-7-47, in order for the covered school  
14 building to be used by a:  
15 (1) charter school to conduct prekindergarten through grade 12  
16 classroom instruction; or  
17 (2) state educational institution for an academic purpose.



(b) The following are not required to comply with this chapter:

(1) A governing body that vacates a covered school building in order to:

(A) renovate the covered school building for a future allowable use by the school corporation as permitted under IC 20-26-7-47; or

(B) demolish the covered school building, in whole or part, and build a new school building or an addition to a school building on the same site as the demolished building.

(2) An emergency manager of a distressed school corporation under IC 6-1.1-20.3.

(3) The governing body of the School City of East Chicago school corporation for the Carrie Gosch Elementary School building.

(4) A school corporation that has had a designation as a distressed political subdivision under IC 6-1.1-20.3 within the previous three (3) years.

(c) This section does not apply to a covered school building in which a governing body under IC 20-26-5-4(a)(7) entered a lease prior to January 1, 2019, with a state accredited nonpublic school. In addition, the governing body may, during or at the expiration of the term of such lease, sell the school building leased under IC 20-26-5-4(a)(7) to the nonpublic school at a purchase price mutually agreed to by the governing body and the nonpublic school.

(d) This section does not apply to a covered school building of a school corporation to which the following apply:

(1) The school corporation had, before January 1, 2023, entered into a lease or memorandum of understanding with a nonprofit organization exempt from federal taxation under Section 501(c)(3) through 501(c)(7) of the Internal Revenue Code for the use of the covered school building.

(2) The lease or memorandum of understanding described in subdivision (1):

(A) continues in effect;

(B) is renewed; or

(C) is replaced by a new lease or memorandum of understanding that is entered into between the school corporation and the nonprofit organization described in subdivision (1).

(3) The nonprofit organization described in subdivision (1) uses the covered school building for an educational purpose throughout the term of any lease or memorandum of understanding.



If at any time the conditions under subdivisions (2) and (3) are not met, the covered school building is subject to IC 20-26-7-47 and this chapter.

(e) A covered school building that a school corporation closes or is required to close may not be retained by the school corporation for storage or office use unless the conditions of IC 20-26-7-47(e)(3), IC 20-26-7-47(e)(4), or IC 20-26-7-47(e)(5) are met.

SECTION 2. IC 20-26-7.1-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 3.5. (a) Before a governing body of a school corporation located in a county with a population of less than one hundred fifty thousand (150,000) may sell, exchange, lease, demolish, hold without operating, or dispose of a covered school building, a governing body shall make available for purchase by the county or municipal government in which the school corporation is located any covered school building owned by the school corporation or any other entity that is related in any way to, or created by, the school corporation or the governing body, including a building corporation, that the governing body elects to close or the school corporation is required to close under IC 20-26-7-47.**

**(b) A governing body described in subsection (a) shall have one (1) year from the date the governing body determines at a public meeting to cease using a covered school building for classroom instruction on student instructional days (as described in IC 20-30-2-2) for a school year as required under IC 20-30-2-3 to sell a covered building described in subsection (a) at a purchase price mutually agreed to by the parties.**

**(c) If a sale described in subsection (b) is not made within the one (1) year period set forth in subsection (b), the governing body shall make the covered school building available for lease or purchase by a charter school or state educational institution in the manner described in section 3 of this chapter.**

SECTION 3. IC 20-26-7.1-4, AS AMENDED BY P.L.1-2025, SECTION 188, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 4. (a) This section does not apply to a governing body that sold a covered school building to a county or municipal government under section 3.5 of this chapter.**

**(b) Not later than:**

**(1) thirty (30) days after the date a governing body of a school corporation located in a county with a population of at least one hundred fifty thousand (150,000); or**



**(2) thirteen (13) months after the date a governing body of a school corporation located in a county with a population of less than one hundred fifty thousand (150,000);**

determines at a public meeting to cease using a covered school building for classroom instruction on student instructional days (as described in IC 20-30-2-2) for a school year as required under IC 20-30-2-3, a school corporation shall provide written notice to the department regarding the date that the covered school building has ceased or will cease being used for classroom instruction as described in this subsection.

~~(b)~~ (c) If the school corporation does not intend to make a covered school building available for lease or purchase in accordance with this chapter, the school corporation shall state in the notice required under subsection ~~(a)~~ (b) the factual and legal basis for the school corporation's contention that the covered school building is not required to be made available under this chapter. Any claim for exclusion from a requirement to make the covered school building available under this chapter which is not stated in the notice under this subsection is waived.

~~(c)~~ (d) If a school corporation does not provide notice to the department under subsection ~~(a)~~; (b), any claim for exclusion from a requirement to make the covered school building available under this chapter is waived.

~~(d)~~ (e) Not later than fifteen (15) days after the date that the department receives a notice from a school corporation under subsection ~~(a)~~; (b), the department shall provide written notice to all interested persons regarding the notice from the school corporation submitted under subsection ~~(a)~~; (b).

~~(e)~~ (f) If a notice from a school corporation under subsection ~~(a)~~ (b) acknowledges that the covered school building will be made available in accordance with this chapter, the department's notice to interested persons shall provide that any notice of interest by an interested person for the covered school building must be submitted to the department not later than sixty (60) days after the date the interested person receives the department's notice under subsection ~~(d)~~; (e).

~~(f)~~ (g) If a notice from a school corporation under subsection ~~(a)~~ (b) includes a claim that the covered school building will not be made available under this chapter, an interested person may submit to the department, not later than thirty (30) days after the date the interested person receives the notice from the department under subsection ~~(d)~~; (e), a rebuttal to the factual and legal basis for the school corporation's contention that the covered school building is not required to be made



1 available under this chapter.

2 ~~(g)~~ **(h)** The department shall, not later than sixty (60) days after the  
3 date that a rebuttal is due under subsection ~~(f)~~; **(g)**, issue a  
4 determination to the school corporation and interested persons as to  
5 whether the covered school building must be made available under this  
6 chapter. The department shall publish a copy of the department's  
7 determination on the department's website.

8 ~~(h)~~ **(i)** Not later than thirty (30) days after the date that the  
9 department issues a determination under subsection ~~(g)~~; **(h)**, a school  
10 corporation or interested person may appeal the determination to the  
11 state board. An appeal to the state board shall be subject to the  
12 procedure described in IC 20-26-11-15(b).

13 ~~(i)~~ **(j)** Not later than fifteen (15) days after:

14 (1) the time expires for an appeal to the state board of a  
15 department determination under subsection ~~(g)~~ **(h)** or  
16 IC 20-26-7-47 that a covered school building be made available;  
17 or

18 (2) a determination by the state board that a covered school  
19 building is to be made available is issued;

20 the governing body shall take the actions specified by subsection ~~(j)~~;  
21 **(k)**. If the governing body fails to take the actions, the department shall  
22 request that the attorney general enforce the order under section 9(a)  
23 of this chapter.

24 ~~(j)~~ **(k)** If a covered school building is to be made available, the  
25 governing body shall do the following:

26 (1) Make the covered school building available for inspection by  
27 a charter school or state educational institution that notifies the  
28 department that it is interested in leasing or purchasing the  
29 covered school building.

30 (2) Make the following information available to a charter school  
31 or state educational institution described in subdivision (1):

32 (A) Estimates of the operating expenses for the covered school  
33 building for the past three (3) years.

34 (B) Written information regarding the condition of the covered  
35 school building, including the age of the roof and the HVAC  
36 system, and any known conditions which, in the governing  
37 body's opinion, require prompt repair or replacement.

38 (C) A legal description of the property.

39 ~~(k)~~ **(l)** If the governing body fails to take the actions required under  
40 subsection ~~(j)~~; **(k)**, a charter school having notified the school  
41 corporation of its interest in the covered school building is entitled to  
42 an injunction requiring the governing body to take the actions under



subsection ~~(j)~~; **(k)**.

~~(j)~~ **(m)** The school corporation shall lease the covered school building to a charter school or state educational institution for one dollar (\$1) per year for as long as the state educational institution uses the covered school building for an academic purpose or the charter school uses the covered school building for classroom instruction, for a term at the state educational institution's or charter school's discretion, or sell the covered school building for one dollar (\$1), if the charter school or state educational institution does the following:

(1) Within ninety (90) days of receiving the department's notice under subsection ~~(d)~~; **(e)**, a charter school or state educational institution must submit a preliminary request to purchase or lease the covered school building.

(2) Subject to subsection ~~(m)~~; **(n)**, within ninety (90) days of receiving the department's notice under subsection ~~(d)~~; **(e)**, a charter school or state educational institution must submit to the school corporation the following information:

(A) The name of the charter school or state educational institution that is interested in leasing or purchasing the covered school building.

(B) A time frame, which may not exceed three (3) years from the date that the covered school building is to be closed, no longer used, or no longer occupied, in which the:

(i) charter school intends to begin providing classroom instruction in the covered school building; or

(ii) state educational institution intends to begin using the covered school building for an academic purpose.

(C) A resolution, adopted by the board of the charter school or state educational institution stating that the board of the charter school or state educational institution has determined that, after the charter school or state educational institution has made any necessary repairs or modifications, the covered school building will be sufficient to meet the charter school's or state educational institution's needs and can be operated within the charter school's or state educational institution's budget.

~~(m)~~ **(n)** If the department does not receive any preliminary requests to purchase or lease a covered school building within the time frame described in subsection ~~(j)(1)~~; **(m)(1)**, the department shall send notification to the school corporation that the department has not received any preliminary requests to purchase or lease the covered school building. Upon receipt of the notification under this subsection,



the school corporation may sell or otherwise dispose of the covered school building in accordance with IC 36-1-11, IC 20-25-4-14, and IC 20-26-5-4(a)(7).

~~(n)~~ **(o)** If only one (1) charter school submits a preliminary request to purchase or lease the covered school building, the department shall notify the school corporation of the identity of the charter school and direct the school corporation to complete a sale or lease to the charter school in accordance with subsection ~~(r)~~ **(s)**. In the event that two (2) or more charter schools submit a preliminary request to purchase or lease a covered school building within the time frame described in subsection ~~(t)~~ **(1)**, the department shall send notification to each interested person and the school corporation that the department has received two (2) or more preliminary requests under this section. An authorizer committee shall be established, with each statewide authorizer that has authorized one (1) or more charter schools appointing a representative, and the committee shall establish the chairperson and procedures for the committee. Within sixty (60) days of receiving notice under this subsection, the committee shall select which charter school may proceed under subsection ~~(r)~~ **(s)** to purchase or lease the covered school building or determine if two (2) or more charter schools should co-locate within the covered school building. The committee shall base the committee's decision on the following criteria:

(1) Preference shall be given to existing charter schools that have a proven track record of student academic performance.

(2) If two (2) or more charter schools of proven academic performance are competing and only one (1) charter school is operating in the county in which the covered school building is located, the charter school in the same county as the covered school building shall be given preference.

In the event that the committee determines that two (2) or more charter schools should co-locate in the covered school building, the charter schools have sixty (60) days to submit a memorandum of understanding stating that the charter schools shall be jointly and severally liable for the obligations related to the sale or lease of the covered school building, and specifying how the charter schools will utilize the covered school building and share responsibility for operational, maintenance, and renovation expenses. If the charter schools are unable to agree, the charter schools shall be deemed to have revoked their prior request regarding the lease or sale of the covered school building. The committee shall give notice of the committee's decision to the school corporation and each interested person. A charter





1 school that is not selected by the committee may appeal the decision to  
 2 the state board not more than thirty (30) days after receipt of the  
 3 committee's decision. The state board shall issue a final order in the  
 4 appeal not more than sixty (60) days after receipt of a properly filed  
 5 appeal. Notice of the appeal and the final order in the appeal must be  
 6 given to the school corporation.

7 ~~(t)~~ **(p)** If a charter school does not submit a preliminary request to  
 8 purchase or lease the covered school building and only one (1) state  
 9 educational institution submits a preliminary request to purchase or  
 10 lease the covered school building, the department shall:

11 (1) notify the school corporation of the identity of the state  
 12 educational institution; and

13 (2) direct the school corporation to complete a sale or lease to the  
 14 state educational institution in accordance with subsection ~~(r)~~ **(s)**.

15 ~~(p)~~ **(q)** If one (1) or more state educational institutions submit  
 16 preliminary requests to purchase or lease a covered school building, a  
 17 selection committee shall be established consisting of one (1) member  
 18 appointed by the executive of the largest city or town in the county in  
 19 which the covered school building is located, one (1) member  
 20 appointed by the city or town council of the largest city or town in the  
 21 county in which the covered school building is located, one (1) member  
 22 appointed by the county commissioners of the county in which the  
 23 covered school building is located, one (1) member appointed by the  
 24 county council of the county in which the covered school building is  
 25 located, and one (1) member appointed by the chamber of commerce  
 26 of the county in which the covered school building is located.

27 ~~(q)~~ **(r)** Not later than sixty (60) days after the date that a member is  
 28 appointed under subsection ~~(p)~~ **(q)**, the committee shall:

29 (1) select which state educational institution may proceed to  
 30 purchase or lease the covered school building; or

31 (2) determine whether more than one (1) state educational  
 32 institution should co-locate within the covered school building.

33 In making the committee's determination, the committee shall give  
 34 preference to a state educational institution whose proposed use of the  
 35 covered school building is assessed as having the greatest educational  
 36 benefit for prekindergarten through grade 12 education. A committee  
 37 determination under this subsection may not be appealed.

38 ~~(r)~~ **(s)** A school corporation shall lease the covered school building  
 39 for one dollar (\$1) per year to the charter school or state educational  
 40 institution for as long as the:

41 (1) charter school uses the covered school building for classroom  
 42 instruction for any combination of kindergarten through grade 12;



1 or

2 (2) state educational institution uses the covered school building  
3 for an academic purpose.

4 The term of the lease shall be established at the charter school's or state  
5 educational institution's discretion and include an option for the state  
6 educational institution or charter school to purchase the covered school  
7 building for one dollar (\$1). Alternatively, the school corporation shall  
8 sell the covered school building to the charter school or state  
9 educational institution for one dollar (\$1), if the charter school or state  
10 educational institution has met the requirements set forth in subsection  
11 ~~(f)~~ **(m)** and uses the covered school building in the manner prescribed  
12 by this subsection. If the charter school or state educational institution  
13 selected to lease or purchase the covered school building has met the  
14 requirements under subsection ~~(f)~~; **(m)**, the school corporation has not  
15 more than ninety (90) days after the date notice of a final unappealable  
16 decision is received by the school corporation to complete the lease or  
17 sale of the covered school building to the charter school or state  
18 educational institution. If the transaction is not completed within ninety  
19 (90) days, the department or the selected charter school or state  
20 educational institution may, under section 9 of this chapter, request that  
21 the attorney general enforce the sale or lease or may file suit to enforce  
22 the sale or lease. If a charter school or state educational institution has  
23 not met the requirements under subsection ~~(f)~~; **(m)**, the school  
24 corporation may sell or otherwise dispose of the covered school  
25 building in accordance with IC 36-1-11, IC 20-25-4-14, and  
26 IC 20-26-5-4(a)(7).

27 SECTION 4. IC 20-26-7.1-4.5, AS AMENDED BY P.L.189-2023,  
28 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
29 JULY 1, 2026]: Sec. 4.5. (a) After a governing body passes a resolution  
30 or takes official action to close, no longer use, or no longer occupy a  
31 covered school building or the covered school building is required to  
32 be closed under IC 20-26-7-47, a school corporation is responsible for  
33 meeting the requirements described in subsection (b) until the  
34 applicable covered school building is:

35 (1) sold or leased to a charter school or state educational  
36 institution; ~~or~~

37 **(2) sold to a county or municipal government under section**  
38 **3.5 of this chapter; or**

39 ~~(2)~~ **(3)** eligible to be sold or otherwise disposed in accordance  
40 with IC 36-1-11, IC 20-25-4-14, and IC 20-26-5-4(a)(7).

41 (b) During the period described in subsection (a), a school  
42 corporation is:



(1) responsible for the maintenance of a covered school building, including:

(A) protection against theft or vandalism;

(B) fire protection; and

(C) ensuring the covered school building is not damaged during adverse weather conditions;

(2) responsible for maintaining the physical condition of the covered school building in the same physical condition the applicable covered school building was on the last day that it was used for classroom instruction; and

(3) financially responsible for any damage or destruction that occurs to the covered school building.

SECTION 5. IC 20-26-7.1-5, AS AMENDED BY P.L.135-2025, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) If:

(1) a covered school building is sold to a charter school or state educational institution under section 4 of this chapter; and

(2) the charter school or state educational institution described in subdivision (1) no longer intends to use the covered school building for the purposes described in section ~~4(f)~~ **4(m)** of this chapter;

the charter school or state educational institution shall offer to transfer the covered school building back to the school corporation that initially sold the covered school building to the charter school or state educational institution.

(b) If a school corporation described in subsection (a) declines the offer to transfer a covered school building back to the school corporation, the charter school or state educational institution may sell or transfer the covered school building to a third party. If a charter school or state educational institution sells or transfers a covered school building to a third party under this subsection, the charter school or state educational institution must transfer an amount equal to the gain in the property minus the adjusted basis (including costs of improvements to the covered school building) to the school corporation that initially sold the covered school building to the charter school or state educational institution. Gain and adjusted basis shall be determined in the manner prescribed by the Internal Revenue Code and the applicable Internal Revenue Service regulations and guidelines.

(c) A charter school or state educational institution that purchases a covered school building assumes total control of the covered school building and must maintain the covered school building, including utilities, insurance, maintenance, and repairs. Except as provided in



subsection (d), in the event a:

(1) charter school does not use the covered school building for classroom instruction; or

(2) state educational institution does not use the covered school building for an academic purpose;

within two (2) years after acquiring the covered school building, the covered school building shall revert to the school corporation, which may sell or otherwise dispose of the covered school building under IC 36-1-11.

(d) In the event a:

(1) charter school does not use the covered school building for classroom instruction; or

(2) state educational institution does not use the covered school building for an academic purpose;

as a result of being engaged in ongoing renovations for an acquired covered school building, within two (2) years after acquiring an occupancy permit for the covered school building, the covered school building shall revert to the school corporation, which may sell or otherwise dispose of the covered school building under IC 36-1-11.

SECTION 6. IC 20-26-7.1-5.3, AS AMENDED BY P.L.36-2024, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5.3. (a) This section applies to a covered school building to which the following apply:

(1) The covered school building was purchased or leased by a charter school under **section 4** of this chapter.

(2) The total student enrollment for in-person instruction in the school building in the current school year is at least ten percent (10%) less than the student enrollment for in-person instruction in the school building in a school year that precedes the current school year by five (5).

(b) A school corporation may not petition the department under subsection (c) within the first five (5) years after a charter school purchased or initially leased a covered school building under this chapter.

(c) Subject to subsection (f), if the number of full-time equivalent students enrolled for in-person instruction in a school building on instructional days (as determined under IC 20-30-2) for instructional purposes for a school year is not at least fifty percent (50%) of the classroom design capacity of the school building, the school corporation that leased or sold the school building to the charter school may file a petition with the department requesting that the charter school transfer the school building back to the school corporation.



1 (d) Before filing a petition under subsection (c), the school  
2 corporation must give written notice to the charter school to determine  
3 whether an agreement can be reached regarding transferring the school  
4 building to the school corporation.

5 (e) A petition filed under this section is subject to the same  
6 procedures under IC 20-26-7-47 as a petition filed under  
7 IC 20-26-7-47(h).

8 (f) For purposes of determining classroom design capacity under  
9 subsection (c), if a charter school reconfigures a school building after  
10 the charter school leases or purchases the school building, the  
11 classroom design capacity must be determined based on the  
12 reconfigured school building and not the classroom design capacity of  
13 the school building at the time of the lease or purchase.

