

# HOUSE BILL No. 1175

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-49.

**Synopsis:** Common school fund advances. Provides that a school corporation or a charter school may receive an advance from the common school fund for payment of a local match required for the receipt of federal funds for use in constructing a safe room for protection from injury during extreme weather events or converting existing space to a safe room. Establishes the school corporation and charter school safe room program (program). Provides that the state board of education (state board), in consultation with the department of homeland security, shall administer the program. Provides that the state board of finance shall periodically establish the rate or rates of interest payable on advances made as long as the established interest rate or rates are not less than 1% and do not exceed 4%. Provides that the term of the advance may not exceed 10 years after the date of the advance. Provides that the maximum amount of the advance that the state board may approve is equal to the amount of the local match required for the receipt of federal funds for use in constructing a safe room or converting existing space to a safe room. Provides that a charter school may provide the state board with an adequate security interest for the repayment of an advance made to the charter school. Provides that a school corporation may levy a property tax for its debt service fund and transfer those revenues to the school corporation's education fund.

**Effective:** July 1, 2020.

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January 8, 2020, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

# HOUSE BILL No. 1175



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 20-49-3-8, AS AMENDED BY P.L.211-2018(ss),  
2           SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3           JULY 1, 2020]: Sec. 8. The fund may be used to make advances:  
4                 (1) to school corporations, including school corporation career  
5                 and technical education schools described in IC 20-37-1-1, under  
6                 IC 20-49-4 and IC 20-49-5;  
7                 (2) under IC 20-49-6;  
8                 (3) to charter and innovation network schools under IC 20-49-9;  
9                 **and**  
10                (4) to a school corporation or charter school (or a coalition of  
11                public schools applying jointly) under IC 20-49-10; **and**  
12                **(5) to a school corporation or charter school under**  
13                **IC 20-49-11.**  
14           Unless the context clearly requires otherwise, a reference to a school  
15           corporation in this chapter includes a school corporation career and  
16           technical education school described in IC 20-37-1-1. However, an  
17           advance to a school corporation career and technical education school



1 described in IC 20-37-1-1 is not considered an advance to a school  
 2 corporation for purposes of determining if the school corporation career  
 3 and technical education school described in IC 20-37-1-1 qualifies for  
 4 an advance.

5 SECTION 2. IC 20-49-11 IS ADDED TO THE INDIANA CODE  
 6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2020]:

8 **Chapter 11. Advancement From Common School Fund for Safe**  
 9 **Room Program**

10 **Sec. 1. As used in this chapter, "advance" refers to an advance**  
 11 **from the fund under this chapter.**

12 **Sec. 2. As used in this chapter, "charter school" refers to a**  
 13 **school established under IC 20-24. However, the term does not**  
 14 **include a virtual charter school or an adult high school (as defined**  
 15 **in IC 20-24-1-2.3).**

16 **Sec. 3. As used in this chapter, "fund" refers to the common**  
 17 **school fund in the custody of the treasurer of state.**

18 **Sec. 4. As used in this chapter, "safe room" refers to a hardened**  
 19 **structure designed to provide the occupants of the structure with**  
 20 **a very high probability of being protected from injury or death**  
 21 **during an extreme weather event.**

22 **Sec. 5. (a) The school corporation and charter school safe room**  
 23 **program is established. The purpose of the program is to make**  
 24 **advances to school corporations or charter schools to be used solely**  
 25 **for payment of a local match required to receive federal funds for**  
 26 **use in constructing a safe room or converting existing space to a**  
 27 **safe room under a program administered by the department of**  
 28 **homeland security (established by IC 10-19-2-1) in coordination**  
 29 **with the Federal Emergency Management Agency.**

30 **(b) The state board, in consultation with the department of**  
 31 **homeland security (established by IC 10-19-2-1), shall administer**  
 32 **the program.**

33 **Sec. 6. (a) The state board shall establish a written application**  
 34 **procedure for providing advances to school corporations and**  
 35 **charter schools.**

36 **(b) To receive an advance under this chapter, a school**  
 37 **corporation or charter school must submit an application that**  
 38 **contains the information required by the state board.**

39 **Sec. 7. (a) To qualify for an advance under this chapter, a school**  
 40 **corporation or charter school must have:**

41 **(1) applied to receive federal funds under a program**  
 42 **administered by the department of homeland security**



1 (established by IC 10-19-2-1), in coordination with the Federal  
 2 Emergency Management Agency, that provides federal funds  
 3 for use in constructing a safe room or converting existing  
 4 space to a safe room and requires a local match; and  
 5 (2) been approved to receive federal funds under the program  
 6 described in subdivision (1).

7 (b) The maximum amount of an advance that a school  
 8 corporation or charter school may receive under this chapter may  
 9 not exceed the amount of the local match required for the receipt  
 10 of federal funds for use in constructing a safe room or converting  
 11 existing space to a safe room.

12 **Sec. 8.** The following apply to an advance under this chapter:

13 (1) A school corporation or charter school must pay interest  
 14 on the advance. The state board of finance shall periodically  
 15 establish the rate or rates of interest payable on advances  
 16 made under this chapter as long as the established interest  
 17 rate or rates are not less than one percent (1%) and do not  
 18 exceed four percent (4%).

19 (2) The state board may provide that the advances made  
 20 under this chapter are prepayable at any time.

21 (3) The term of the advance may not exceed ten (10) years  
 22 after the date of the advance.

23 (4) A school corporation or charter school must enter into an  
 24 advance agreement with the state board before receiving an  
 25 advance from the fund. The terms of the agreement must  
 26 include a provision allowing the state board to withhold funds  
 27 due to a school corporation or charter school to which an  
 28 advance is made until the advance is paid.

29 **Sec. 9.** To ensure timely payment of an advance according to the  
 30 terms of the advance under section 8 of this chapter, the state  
 31 board may withhold funds due to the school corporation or charter  
 32 school to which the advance is made in the amount necessary to  
 33 pay the advance.

34 **Sec. 10.** If the state board withholds funds under this chapter,  
 35 the state board first shall withhold funds from the distribution of  
 36 state tuition support to the school corporation or charter school to  
 37 which the advance is made. If the state tuition support distribution  
 38 is unavailable or inadequate, the state board may withhold funds  
 39 from any other distribution of state funds to the school corporation  
 40 or charter school.

41 **Sec. 11.** A school corporation to which an advance is made  
 42 under this chapter may annually levy a property tax in the debt



1 service fund to replace the amount withheld under this chapter in  
 2 the current year from the distribution of state tuition support. The  
 3 amount received from the tax must be transferred from the debt  
 4 service fund to the education fund.

5 **Sec. 12.** An advance under this chapter to a school corporation  
 6 or charter school is not an obligation of the school corporation or  
 7 charter school within the meaning of a constitutional limitation on  
 8 or prohibition against indebtedness.

9 **Sec. 13.** A charter school may provide the state board with an  
 10 adequate security interest for the repayment of an advance made  
 11 to the charter school under this chapter, in the form and amount  
 12 determined by the Indiana department of administration. If the  
 13 school operator sells its equity interest in the school facility, the  
 14 state board shall redetermine the adequacy of the security interest  
 15 and may hold a public hearing to determine whether any tax dollar  
 16 equity funded with the advance should be paid to the state. The  
 17 state board may not approve the disbursement of an advance made  
 18 under this chapter to a charter school until the charter school  
 19 provides the state board with an adequate security interest for the  
 20 repayment of the advance in the manner prescribed by this section.

21 **Sec. 14.** The state board, in consultation with the department of  
 22 homeland security (established by IC 10-19-2-1), may adopt:

23 (1) rules under IC 4-22-2; or

24 (2) emergency rules in the manner provided under  
 25 IC 4-22-2-37.1;

26 necessary to implement this chapter.

27 **Sec. 15. (a)** Upon request of the treasurer of state, the state  
 28 board of finance may periodically sell, transfer, or liquidate  
 29 agreements, in whole or in part, including without limitation the  
 30 sale, transfer, or liquidation of all or any part of the principal or  
 31 interest to be received at any time under one (1) or more  
 32 agreements that evidence the right of the state to make deductions  
 33 from state tuition support to pay advances under this chapter  
 34 under the terms and conditions that the state board of finance  
 35 considers necessary and appropriate.

36 (b) Each sale, transfer, or liquidation under this section is  
 37 subject to the following conditions:

38 (1) Each sale, transfer, or liquidation may be made only to a  
 39 department, agency, commission, instrumentality, or public  
 40 body of the state, including the Indiana bond bank.

41 (2) Each sale, transfer, or liquidation of agreements may be  
 42 made only for cash.



- 1           **(3) Payments under the sale, transfer, or liquidation must be**  
2           **made to the treasurer of state for the fund and reported to the**  
3           **state board of finance.**
- 4           **(4) The total amount of cash received by the fund from the**  
5           **sale may not be less than the outstanding principal amount of**  
6           **all or a part of the agreements sold plus accrued interest**  
7           **owed.**
- 8           **(5) If necessary to facilitate a sale, transfer, or liquidation, the**  
9           **state board or the state board of finance may agree to act on**  
10          **behalf of an entity described in subdivision (1) by collecting**  
11          **payment on advances that are:**
- 12               **(A) received directly from a school corporation, if any**  
13               **direct payments are received; or**
- 14               **(B) deducted from amounts appropriated and made**  
15               **available for state tuition support.**
- 16          **An agreement by the state board or the state board of finance**  
17          **under this subdivision is a valid and an enforceable**  
18          **contractual obligation but is not a debt of the state within the**  
19          **meaning of the limitation against indebtedness under the**  
20          **Constitution of the State of Indiana.**
- 21          **(6) Each proposed sale, transfer, or liquidation must be**  
22          **reviewed by the budget committee and approved by the**  
23          **budget agency.**
- 24          **(c) The state board of finance shall notify the state board and**  
25          **the department of any action that the state board of finance takes**  
26          **under this section.**

