

HOUSE BILL No. 1299

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-49-11.

Synopsis: Loan forgiveness for distressed schools. Provides that a school corporation that meets certain conditions is not required to repay loans or advances made from the common school fund to the school corporation. Provides that the budget agency may approve deposit of funds reverted to the state general fund into the common school fund to offset loans or advances forgiven.

Effective: July 1, 2020.

Smith V

January 7, 2020, read first time and referred to Committee on Ways and Means.



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. 1299



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 20-49-11 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]:
4 **Chapter 11. School Corporation Common School Fund Loan**
5 **Forgiveness**
6 **Sec. 1. A school corporation is not required to repay the**
7 **principal and interest of a loan or advance made from the common**
8 **school fund to the school corporation if:**
9 (1) at least sixty percent (60%) of the school corporation's
10 students qualify for free or reduced price lunch under the
11 national school lunch program;
12 (2) the school corporation's property tax collection rate over
13 the immediately preceding year has been less than ninety
14 percent (90%);
15 (3) the school corporation is a distressed political subdivision
16 under IC 6-1.1-20.3;
17 (4) the distressed unit appeal board recommends that the loan



1 or advance be forgiven;
2 **(5) the school corporation applies to the state board for**
3 **forgiveness of the loan or advance in the manner prescribed**
4 **by the state board; and**
5 **(6) the state board approves the school corporation's**
6 **application under subdivision (5).**
7 **Sec. 2. (a) As used in this section, "reverted funds" means**
8 **appropriated funds that revert to the state general fund in a state**
9 **fiscal year.**
10 **(b) Subject to subsection (c), the budget agency may approve**
11 **deposit of reverted funds into the common school fund to offset**
12 **loans or advances forgiven under section 1 of this chapter.**
13 **(c) The amount approved by the budget agency for deposit into**
14 **the common school fund under subsection (b) in a state fiscal year**
15 **may not exceed three percent (3%) of the total amount of reverted**
16 **funds in the state fiscal year.**
17 **(d) The auditor of state shall transfer the amount approved**
18 **under subsection (b) from the state general fund into the common**
19 **school fund.**

