

HOUSE BILL No. 1396

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-7-1; IC 20-28-9.

Synopsis: Teacher salaries. Establishes the teacher supplemental compensation fund (fund). Increases the cigarette tax by \$1 to \$1.995 per pack of regular size cigarettes (and a corresponding increase for larger cigarettes) with the additional revenue deposited in the fund. Provides that the budget agency may approve to deposit into the fund: (1) amounts reverted to the state general fund in a state fiscal year from funds appropriated; or (2) money in the state general fund attributable to the collection of sales tax from retailers without a physical presence in Indiana. Provides that, for each school year beginning after June 30, 2019, and before July 1, 2022, each teacher who provides classroom instruction is entitled to a supplemental payment in excess of the salary specified in the school corporation's compensation plan in the amount of \$2,000.

Effective: Upon passage; July 1, 2019.

Cook, Cherry

January 14, 2019, read first time and referred to Committee on Ways and Means.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1396

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-7-1-0.4, AS ADDED BY P.L.220-2011,
2 SECTION 161, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2019]: Sec. 0.4. **(a)** Notwithstanding section 14
4 of this chapter, revenue stamps paid for before July 1, 2007, and in the
5 possession of a distributor may be used after June 30, 2007, only if the
6 full amount of the tax imposed by section 12 of this chapter, as
7 effective after June 30, 2007, and as amended by P.L.218-2007, is
8 remitted to the department under the procedures prescribed by the
9 department.

10 **(b) Notwithstanding section 14 of this chapter, revenue stamps**
11 **paid for before July 1, 2019, and in the possession of a distributor**
12 **may be used after June 30, 2019, only if the full amount of the tax**
13 **imposed by section 12 of this chapter, as amended and effective**
14 **after June 30, 2019, is remitted to the department under the**
15 **procedures prescribed by the department.**

16 SECTION 2. IC 6-7-1-12, AS AMENDED BY P.L.191-2016,
17 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2019]: Sec. 12. The following taxes are imposed, and shall be collected and paid as provided in this chapter, upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

(1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of ~~four and nine hundred seventy-five thousandths cents (\$0.04975)~~ **nine and nine hundred seventy-five thousandths cents (\$0.09975)** per individual cigarette.

(2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of ~~six and six hundred twelve thousandths cents (\$0.06612)~~ **thirteen and two hundred fifty-seven thousandths cents (\$0.13257)** per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.

SECTION 3. IC 6-7-1-28.1, AS AMENDED BY P.L.213-2015, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

(1) ~~Four and twenty-two hundredths percent (4.22%)~~ **Two and forty-three hundredths percent (2.43%)** of the money shall be deposited in a fund to be known as the cigarette tax fund.

(2) ~~Six-tenths percent (0.6%)~~ **Thirty-five hundredths percent (0.35%)** of the money shall be deposited in a fund to be known as the mental health centers fund.

(3) ~~The following amount~~ **Thirty-two and thirty-nine hundredths percent (32.39%)** of the money shall be deposited in the state general fund.

(A) ~~After June 30, 2011, and before July 1, 2013, sixty and twenty-four hundredths percent (60.24%):~~

(B) ~~After June 30, 2013, fifty-six and twenty-four hundredths percent (56.24%):~~

(4) ~~Five and forty-three hundredths percent (5.43%)~~ **Three and thirteen hundredths percent (3.13%)** of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

(5) ~~Twenty-seven and five hundredths percent (27.05%)~~ **Fifteen and fifty-eight hundredths percent (15.58%)** of the money shall be deposited in the healthy Indiana plan trust fund established by



IC 12-15-44.2-17.

(6) ~~Two and forty-six hundredths percent (2.46%)~~ **One and forty-two hundredths percent (1.42%)** of the money shall be deposited in the state general fund for the purpose of paying appropriations for Medicaid—Current Obligations, for provider reimbursements.

(7) ~~The following amount~~ **Two and three-tenths percent (2.3%)** of the money shall be deposited in the state retiree health benefit trust fund established by IC 5-10-8-8.5. ~~as follows:~~

(A) ~~Before July 1, 2011, five and seventy-four hundredths percent (5.74%);~~

(B) ~~After June 30, 2011, and before July 1, 2013, zero percent (0%);~~

(C) ~~After June 30, 2013, four percent (4%);~~

(8) Forty-two and four-tenths percent (42.4%) of the money shall be deposited in the teacher supplemental compensation fund established under IC 20-28-9-1.6.

The money in the cigarette tax fund, the mental health centers fund, the healthy Indiana plan trust fund, ~~the teacher supplemental compensation fund~~, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference. Money deposited under subdivisions (6) through ~~(7)~~ **(8)** may not be used for any purpose other than the purpose stated in the subdivision.

SECTION 4. IC 20-28-9-1.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.6. (a) As used in this section, "fund" means the teacher supplemental compensation fund established in subsection (b).**

(b) The teacher supplemental compensation fund is established to provide teachers supplemental payments described in section 1.7 of this chapter.

(c) The fund consists of the following:

(1) Amounts approved by the budget agency under subsection (f) and deposited in the fund.

(2) Cigarette tax revenue deposited in the fund under IC 6-7-1-28.1(8).



(d) The fund shall be administered by the department.

(e) Unexpended money appropriated to or otherwise available in the fund at the end of a state fiscal year does not revert to the state general fund but remains available to the department for use under section 1.7 of this chapter.

(f) The budget agency may approve to deposit into the fund:

(1) amounts reverted to the state general fund in a state fiscal year from funds appropriated; or

(2) money in the state general fund attributable to the state gross retail taxes collected by a retail merchant from retail transactions described in IC 6-2.5-2-1(c).

SECTION 5. IC 20-28-9-1.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.7. (a) For each school year beginning after June 30, 2019, and before July 1, 2022, each teacher who provides classroom instruction is entitled to a supplemental payment in excess of the salary specified in the school corporation's compensation plan in the amount of two thousand dollars (\$2,000). A supplemental payment under this section is not subject to collective bargaining, but a discussion of the supplement must be held.

(b) The department shall distribute money in the teacher supplemental compensation fund established in section 1.6 of this chapter, in the manner prescribed by the department, to each school corporation in an amount necessary to carry out this section. Each school corporation shall provide the department any information necessary for the department to make distributions under this section.

(c) This section expires July 1, 2022.

SECTION 6. An emergency is declared for this act.

