

# HOUSE BILL No. 1411

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-23.

**Synopsis:** School corporation disannexation. Creates a process by which a township can elect to disannex from an existing school corporation and annex to another existing school corporation.

**Effective:** July 1, 2020.

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January 15, 2020, read first time and referred to Committee on Elections and Apportionment.

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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. 1411

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 20-23-5-0.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2020]: **Sec. 0.5. This chapter does not limit the ability of a school  
4 corporation to proceed in a disannexation under IC 20-23-5.5.**  
5 SECTION 2. IC 20-23-5.5 IS ADDED TO THE INDIANA CODE  
6 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 2020]:  
8 **Chapter 5.5. Annexation and Disannexation of a Township**  
9 **Sec. 1. (a) A disannexation may not occur under this chapter if**  
10 **any of the following apply on the date a resolution is adopted under**  
11 **section 9 of this chapter:**  
12 **(1) A building is located within the territory proposed to be**  
13 **disannexed that is being used as a school by the relinquishing**  
14 **school corporation.**  
15 **(2) A building is located within the territory proposed to be**  
16 **disannexed on which there is bond indebtedness owed by the**  
17 **relinquishing school corporation.**



1           **(3) A building is located within the territory proposed to be**  
 2           **disannexed that is the subject of a lease entered into by the**  
 3           **relinquishing school corporation to allow the relinquishing**  
 4           **school corporation to use the building as a school.**

5           **(b) This chapter does not limit the ability of a school**  
 6           **corporation to proceed in an annexation under IC 20-23-5.**

7           **Sec. 2. As used in this chapter, "acquiring school corporation"**  
 8           **means a school corporation that acquires territory as a result of**  
 9           **disannexation.**

10          **Sec. 3. As used in this chapter, "annex" and "annexation" mean**  
 11          **any action whereby the boundaries of an acquiring school**  
 12          **corporation are changed so that additional territory, constituting**  
 13          **all or part of any one (1) or more relinquishing school**  
 14          **corporations, is transferred to the acquiring school corporation.**

15          **Sec. 4. As used in this chapter, "disannex" and "disannexation"**  
 16          **mean any action whereby:**

17           **(1) the boundaries of a school corporation are changed by**  
 18           **removing territory from a relinquishing school corporation;**  
 19           **and**

20           **(2) the territory is transferred to an acquiring school**  
 21           **corporation by annexation.**

22          **Sec. 5. As used in this chapter, "relinquishing school**  
 23          **corporation" means a school corporation that relinquishes**  
 24          **territory to an acquiring school corporation by disannexation.**

25          **Sec. 6. As used in this chapter, "school corporation" has the**  
 26          **meaning set forth in IC 20-18-2-16(a).**

27          **Sec. 7. As used in this chapter, "territory" means the entire**  
 28          **territory of a township.**

29          **Sec. 8. Except as provided in section 1 of this chapter, territory**  
 30          **may be disannexed from a school corporation under this chapter.**

31          **Sec. 9. (a) Subject to approval of a plan described in subsection**  
 32          **(c), a disannexation may be initiated by the adoption of a**  
 33          **substantially identical disannexation resolution by:**

34           **(1) an acquiring school corporation's governing body; and**  
 35           **(2) the fiscal body of the township that is to be disannexed,**  
 36           **with approval of the township executive.**

37          **(b) The resolution described in subsection (a) must contain the**  
 38          **following items:**

39           **(1) The name of the school corporation from which the**  
 40           **territory is to be disannexed.**

41           **(2) A description of the territory to be disannexed.**

42           **(3) The name of the acquiring school corporation.**



1           **(4) The date the disannexation takes place.**

2           **(5) Any terms and conditions facilitating education of students**  
 3           **in the acquiring school corporation.**

4           **(c) Subject to section 14 of this chapter, the resolution must be**  
 5           **supported by a plan for the organization of the acquiring school**  
 6           **corporation that includes the following information:**

7           **(1) The willingness and ability of the acquiring school**  
 8           **corporation to accommodate and provide efficient and**  
 9           **equitable educational opportunity to students from the**  
 10           **territory.**

11           **(2) Proposed disposition of assets and liabilities of the**  
 12           **relinquishing school corporation to the acquiring school**  
 13           **corporation.**

14           **(3) Proposed allocation between the acquiring and**  
 15           **relinquishing school corporations of subsequently collected**  
 16           **school taxes levied on property in the annexed territory.**

17           **(4) Proposed amount, if any, to be paid by the acquiring**  
 18           **school corporation to the relinquishing school corporation on**  
 19           **account of property received from the relinquishing school**  
 20           **corporation.**

21           **(5) Additional information as required by the state board.**

22           **Dispositions, allocations, and amounts transferred under this**  
 23           **subsection must be equitable, as determined by the state board.**  
 24           **Dispositions, allocations, and amounts transferred shall be**  
 25           **considered equitable if the plan is approved by the state board**  
 26           **under section 10(a)(4) of this chapter.**

27           **(d) After adoption of the resolution:**

28           **(1) the resolution; and**

29           **(2) the plan for the organization of the acquiring school**  
 30           **corporation;**

31           **must be filed with the state board.**

32           **Sec. 10. (a) The state board shall:**

33           **(1) receive and examine each resolution and plan submitted**  
 34           **under section 9 of this chapter and approve each plan that**  
 35           **meets the standards of the state board;**

36           **(2) adopt a set of minimum considerations for a plan that**  
 37           **include:**

38           **(A) ensuring efficient and equitable educational**  
 39           **opportunities for all students of the acquiring school**  
 40           **corporation and relinquishing school corporation;**

41           **(B) the positive and negative effects on the acquiring and**  
 42           **relinquishing school corporations;**



- 1           (C) the economic interests of the acquiring and  
2           relinquishing school corporations related to changing the  
3           boundaries of the school corporations; and  
4           (D) a determination of whether the disannexation is  
5           prohibited under section 1 of this chapter;
- 6           (3) not later than ninety (90) days after receipt of a plan, hold  
7           a public hearing in the county in which the largest part of the  
8           territory to be disannexed is located to allow residents of the  
9           affected territory to testify; and  
10          (4) not later than sixty (60) days after the public hearing:
- 11           (A) approve or disapprove in writing all or part of the  
12           plan; and  
13           (B) notify in writing, by certified mail with return receipt  
14           requested, the acquiring school corporation, the  
15           relinquishing school corporation, and the fiscal body of the  
16           township regarding the approval or disapproval.
- 17          (b) The state board is not required to hold a public hearing on  
18          a plan that does not meet the minimum considerations required by  
19          the state board. If the state board determines that a plan does not  
20          meet the minimum considerations required, the state board shall  
21          notify in writing, by certified mail with return receipt requested,  
22          the acquiring school corporation and the fiscal body of the  
23          township.
- 24          Sec. 11. (a) If the state board approves the plan under section  
25          10(a)(4) of this chapter, the acquiring school corporation and fiscal  
26          body of the township proposed to be disannexed may:
- 27           (1) within sixty (60) days after the state board approval of the  
28           plan, file a petition signed by at least fifty-one percent (51%)  
29           of the registered voters residing in the territory proposed to  
30           be disannexed with the clerk of the circuit court of the county  
31           or counties in which the territory proposed to be disannexed  
32           is located under section 12 of this chapter; or  
33           (2) after the state board approval of the plan, request that the  
34           state board certify the approved plan to the clerk of the  
35           circuit court of the county or counties in which the territory  
36           proposed to be disannexed is located under section 13 of this  
37           chapter. The state board shall certify the approved plan to the  
38           clerk of the circuit court of the county or counties in which the  
39           territory proposed to be disannexed is located under section  
40           13 of this chapter.
- 41          (b) If a petition described in subsection (a)(1) is not filed within  
42          sixty (60) days after the state board approval of the plan and a



1 request for certification under subsection (a)(2) has not already  
 2 been made, the state board shall certify the approved plan to the  
 3 clerk of the circuit court of the county or counties in which the  
 4 territory proposed to be disannexed is located under section 13 of  
 5 this chapter.

6 Sec. 12. (a) If a petition described in section 11(a)(1) of this  
 7 chapter is to be filed with the clerk of the circuit court of the  
 8 county or counties in which the territory proposed to be  
 9 disannexed is located, the clerk of the circuit court shall make a  
 10 certification under the clerk's hand and seal of the clerk's office as  
 11 to whether the petition is signed by at least fifty-one percent (51%)  
 12 of the registered voters residing in the territory proposed to be  
 13 disannexed.

14 (b) If the clerk of the circuit court certifies under subsection (a)  
 15 that the petition is signed by at least fifty-one percent (51%) of the  
 16 registered voters residing in the territory proposed to be  
 17 disannexed, the state board shall:

18 (1) immediately cause notice of the result to be published in  
 19 the county or counties where the disannexation will take  
 20 place; and

21 (2) declare the disannexation final and approve the  
 22 annexation of the territory to the acquiring school  
 23 corporation by adopting a resolution to that effect.

24 (c) Notice of the annexation under subsection (b)(2) must be  
 25 published at least once in one (1) newspaper of general circulation  
 26 published in the county or counties where the disannexation will  
 27 take place.

28 Sec. 13. (a) If a petition is not filed as described in section  
 29 11(a)(1) of this chapter, or following a request described in section  
 30 11(a)(2) of this chapter, the state board shall certify the approved  
 31 plan to the clerk of the circuit court of the county or counties in  
 32 which the territory proposed to be disannexed is located.

33 (b) After receiving a certified plan under subsection (a), the  
 34 clerk of the circuit court shall make a certification under the  
 35 clerk's hand and seal of the clerk's office as to:

36 (1) the number of registered voters residing in:

37 (A) the territory proposed to be disannexed; or

38 (B) the part of the territory proposed to be disannexed that  
 39 is located in the county, as disclosed by the voter  
 40 registration records of the county; and

41 (2) the date of the filing of the plan with the clerk.

42 If a territory proposed to be disannexed includes only part of a



1 voting precinct, the clerk of the circuit court shall ascertain, from  
 2 any means available, the number of registered voters residing in  
 3 the part of the voting precinct that is within the territory proposed  
 4 to be disannexed.

5 (c) The clerk of the circuit court shall do the following:

6 (1) Certify to the county election board the public question of  
 7 whether the disannexation should take place.

8 (2) Order the county election board to place the following  
 9 question on the ballot in the territory of the proposed  
 10 disannexation:

11 "Shall \_\_\_\_\_ (insert the name of the territory) be  
 12 transferred from \_\_\_\_\_ (insert the relinquishing  
 13 school corporation) to \_\_\_\_\_ (insert the acquiring  
 14 school corporation)?".

15 (d) The county election board shall place the question set forth  
 16 in subsection (c)(2) on the ballot for the next primary election or  
 17 general election under IC 3-10-9 as a local public question.

18 (e) The county election board, under IC 5-3-1, shall give notice  
 19 of the public question on the ballot at the primary election or  
 20 general election. The notice must:

21 (1) clearly state that the election is being held to provide the  
 22 registered voters an opportunity to approve or reject a  
 23 proposal for the disannexation of territory from an existing  
 24 school corporation;

25 (2) state the name of the existing school corporation to which  
 26 the territory is proposed to be annexed; and

27 (3) designate the date, time, and voting place or places at  
 28 which the election will be held.

29 (f) The county election board shall place the public question on  
 30 the ballot in the form prescribed by IC 3-10-9-4. Except as  
 31 otherwise provided in this chapter, the election is governed by IC 3.

32 (g) The certified result of the local public question shall be filed  
 33 with the state board.

34 (h) If the majority of the voters voting in an election under this  
 35 section vote "yes" on the question of disannexation, the state board  
 36 shall:

37 (1) immediately cause notice of the result to be published in  
 38 the county or counties where the disannexation will take  
 39 place; and

40 (2) declare the disannexation final and approve the  
 41 annexation of the territory to the acquiring school  
 42 corporation by adopting a resolution to that effect.



1 (i) Notice of the annexation under subsection (h)(2) must be  
2 published at least once in one (1) newspaper of general circulation  
3 published in the county or counties where the disannexation will  
4 take place.

5 Sec. 14. (a) A disannexation and an annexation to an acquiring  
6 school corporation under section 12 or 13 of this chapter take  
7 effect on the July 1 following the date of the publication of the  
8 notice in section 12(c) or 13(i) of this chapter by the state board,  
9 except that the disannexed territory is considered part of the  
10 acquiring school corporation for purposes of determining budgets,  
11 property tax rates, and property tax levies beginning with the  
12 acquiring school corporation's budget year beginning on the  
13 January 1 immediately following the July 1 effective date of the  
14 disannexation.

15 (b) Except as provided in subsection (c), the relinquishing school  
16 corporation and taxpayers of the disannexed territory remain  
17 liable for any indebtedness of the relinquishing school corporation  
18 in effect on the date the disannexation is effective under this  
19 chapter. The amount of outstanding indebtedness for which  
20 taxpayers of the disannexed territory that has been transferred  
21 remain liable under this section consists of the portion of  
22 indebtedness that is in the same proportion as the assessed  
23 valuation of the real property in the disannexed territory bears to  
24 the assessed valuation of all the real property in the relinquishing  
25 school corporation, as determined for the last assessment date  
26 before the disannexation occurs. The department of local  
27 government finance shall determine the amount, if any, of  
28 outstanding indebtedness for which taxpayers of the disannexed  
29 territory that has been transferred remain liable under this section.  
30 The disannexed territory constitutes a special taxing district for  
31 only the purposes of imposing and collecting a property tax levy for  
32 payment of the amount of the disannexed territory's portion of the  
33 outstanding indebtedness. The relinquishing school corporation  
34 shall each year impose and collect the property tax levy in the  
35 disannexed territory in an amount determined by the department  
36 of local government finance to be used only for payment of the  
37 disannexed territory's portion of the outstanding indebtedness.

38 (c) After a disannexation is effective under this chapter, the  
39 following apply to debt incurred by the relinquishing school  
40 corporation during the period beginning on the date on which a  
41 resolution is adopted by an acquiring school corporation under  
42 section 9 of this chapter and ending on the date the disannexation





1 is effective under subsection (a):

2 (1) The acquiring school corporation to which the territory is  
3 transferred is not liable for and is not required to pay any  
4 part of that indebtedness.

5 (2) A property tax may not be imposed on the taxpayers of the  
6 transferred territory to pay any part of that indebtedness.

7 (3) The territory that is transferred does not constitute a  
8 special taxing district for purposes of paying any part of that  
9 indebtedness.

10 Sec. 15. (a) Within sixty (60) days after a disannexation takes  
11 place, the governing body of the acquiring school corporation and  
12 relinquishing school corporation shall adopt a plan determining the  
13 manner in which each governing body shall be constituted. The  
14 plan shall be adopted in accordance with the requirements and  
15 procedures of IC 20-23-8, except as set out in subsection (b).

16 (b) The adoption of a plan by the governing body in accordance  
17 with IC 20-23-8-10 and its submission to the state board under  
18 IC 20-23-8-15 are the only procedures required when an existing  
19 plan is changed as follows:

20 (1) All governing body members are elected at large, and  
21 there are no governing body member residency districts.

22 (2) Governing body members are elected from governing  
23 body member residency districts, and the annexed territory  
24 is added to or deleted from one (1) or more districts.

25 (3) A governing body member is appointed from a given area  
26 or district, and the annexed territory is added to or deleted  
27 from one (1) or more districts or areas.

28 (4) A governing body member is elected solely by the voters in  
29 a school governing body member district, but the addition or  
30 deletion of the annexed territory to or from an existing  
31 district does not constitute a denial of equal protection of the  
32 laws.

33 If a school corporation elects or appoints members of its governing  
34 body both from a school governing body member district  
35 encompassing the entire school corporation and from smaller  
36 districts, the governing body of the acquiring school corporation  
37 shall add the annexed territory both to the district consisting of the  
38 entire school corporation and to one (1) or more smaller districts.  
39 In a comparable situation, the relinquishing school corporation  
40 shall delete the annexed territory both from the district consisting  
41 of the entire school corporation and from any smaller district or  
42 districts. The change in the plan becomes effective upon its



1     **approval by the state board. The application of this subsection does**  
2     **not limit the initiation of, or further changes in, any plan under**  
3     **IC 20-23-8.**

