

SENATE BILL No. 32

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-6-5-10.5; IC 36-3-6-9; IC 36-12.

Synopsis: Tax and fiscal control over libraries. Eliminates the authority of public libraries to impose an ad valorem property tax as a "taxing unit". Requires a public library to prepare and submit an annual budget in the same manner as other departments of county or municipal government. Requires the fiscal body of a county or municipality in which the territory of the public library is located to provide the revenues necessary for the operation and maintenance of the public library by a special tax levy, a specific appropriation, or both. Provides that a special tax levy for public library purposes is included in the calculation of the maximum permissible property tax levy for the county or municipality. Prohibits public libraries from providing a function or service that is not a core public function of the library, unless the specific function or service is included as a line item request in the public library's budget and is approved and funded by the county or municipality to which the budget proposal is submitted. Defines "core public function" for purposes of the statute.

Effective: July 1, 2024.

Tomes

January 8, 2024, read first time and referred to Committee on Tax and Fiscal Policy.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

SENATE BILL No. 32

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

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

1 SECTION 1. IC 6-1.1-1-21 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 21. "Taxing unit"
3 means an entity which has the power to impose ad valorem property
4 taxes. **Beginning after December 31, 2024, the term does not**
5 **include a public library.**

6 SECTION 2. IC 6-1.1-17-20, AS AMENDED BY P.L.257-2013,
7 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2024]: Sec. 20. (a) This section applies to each governing
9 body of a taxing unit that is not comprised of a majority of officials
10 who are elected to serve on the governing body. For purposes of this
11 section, an individual who qualifies to be appointed to a governing
12 body or serves on a governing body because of the individual's status
13 as an elected official of another taxing unit shall be treated as an
14 official who was not elected to serve on the governing body.

15 (b) As used in this section, "taxing unit" has the meaning set forth
16 in IC 6-1.1-1-21, except that the term does not include ~~a public library~~
17 ~~or~~ an entity whose tax levies are subject to review and modification by



1 a city-county legislative body under IC 36-3-6-9.

2 (c) If:

3 (1) the assessed valuation of a taxing unit is entirely contained
4 within a city or town; or

5 (2) the assessed valuation of a taxing unit is not entirely contained
6 within a city or town but:

7 (A) the taxing unit was originally established by the city or
8 town; or

9 (B) the majority of the individuals serving on the governing
10 body of the taxing unit are appointed by the city or town;

11 the governing body shall submit its proposed budget and property tax
12 levy to the city or town fiscal body. The proposed budget and levy shall
13 be submitted to the city or town fiscal body in the manner prescribed
14 by the department of local government finance before September 2 of
15 a year.

16 (d) If subsection (c) does not apply, the governing body of the taxing
17 unit shall submit its proposed budget and property tax levy to the
18 county fiscal body in the county where the taxing unit has the most
19 assessed valuation. The proposed budget and levy shall be submitted
20 to the county fiscal body in the manner prescribed by the department
21 of local government finance before September 2 of a year.

22 (e) The fiscal body of the city, town, or county (whichever applies)
23 shall review each budget and proposed tax levy and adopt a final
24 budget and tax levy for the taxing unit. The fiscal body may reduce or
25 modify but not increase the proposed budget or tax levy.

26 (f) If a taxing unit fails to file the information required in subsection
27 (c) or (d), whichever applies, with the appropriate fiscal body by the
28 time prescribed by this section, the most recent annual appropriations
29 and annual tax levy of that taxing unit are continued for the ensuing
30 budget year.

31 (g) If the appropriate fiscal body fails to complete the requirements
32 of subsection (e) before the adoption deadline in section 5 of this
33 chapter for any taxing unit subject to this section, the most recent
34 annual appropriations and annual tax levy of the city, town, or county,
35 whichever applies, are continued for the ensuing budget year.

36 SECTION 3. IC 6-1.1-17-20.3 IS REPEALED [EFFECTIVE JULY
37 1, 2024]. ~~Sec. 20.3: (a) Except as provided in section 20.4 of this~~
38 ~~chapter, this section applies only to the governing body of a public~~
39 ~~library that:~~

40 ~~(1) is not comprised of a majority of officials who are elected to~~
41 ~~serve on the governing body; and~~

42 ~~(2) has a percentage increase in the proposed budget for the~~



1 taxing unit for the ensuing calendar year that is more than the
2 result of:

- 3 (A) the maximum levy growth quotient determined under
4 IC 6-1.1-18.5-2 for the ensuing calendar year; rounded to the
5 nearest thousandth (0.001); minus
6 (B) one (1):

7 For purposes of this section, an individual who qualifies to be
8 appointed to a governing body or serves on a governing body because
9 of the individual's status as an elected official of another taxing unit
10 shall be treated as an official who was not elected to serve on the
11 governing body:

12 (b) This section does not apply to an entity whose tax levies are
13 subject to review and modification by a city-county legislative body
14 under IC 36-3-6-9:

15 (c) If:

- 16 (1) the assessed valuation of a public library's territory is entirely
17 contained within a city or town; or
18 (2) the assessed valuation of a public library's territory is not
19 entirely contained within a city or town but more than fifty
20 percent (50%) of the assessed valuation of the public library's
21 territory is contained within the city or town;

22 the governing body shall submit its proposed budget and property tax
23 levy to the city or town fiscal body in the manner prescribed by the
24 department of local government finance before September 2 of a year.
25 However, the governing body shall submit its proposed budget and
26 property tax levy to the county fiscal body in the manner provided in
27 subsection (d), rather than to the city or town fiscal body, if more than
28 fifty percent (50%) of the parcels of real property within the
29 jurisdiction of the public library are located outside the city or town:

30 (d) If subsection (c) does not apply or the public library's territory
31 covers more than one (1) county, the governing body of the public
32 library shall submit its proposed budget and property tax levy to the
33 county fiscal body in the county where the public library has the most
34 assessed valuation. The proposed budget and levy shall be submitted
35 to the county fiscal body in the manner prescribed by the department
36 of local government finance before September 2 of a year:

37 (e) The fiscal body of the city, town, or county (whichever applies)
38 shall review each budget and proposed tax levy and adopt a final
39 budget and tax levy for the public library. The fiscal body may reduce
40 or modify but not increase the proposed budget or tax levy:

41 (f) If a public library fails to file the information required in
42 subsection (c) or (d), whichever applies, with the appropriate fiscal



1 body by the time prescribed by this section; the most recent annual
 2 appropriations and annual tax levy of that public library are continued
 3 for the ensuing budget year.

4 (g) If the appropriate fiscal body fails to complete the requirements
 5 of subsection (e) before the adoption deadline in section 5 of this
 6 chapter for any public library subject to this section; the most recent
 7 annual appropriations and annual tax levy of the city, town, or county;
 8 whichever applies; are continued for the ensuing budget year.

9 SECTION 4. IC 6-1.1-17-20.4 IS REPEALED [EFFECTIVE JULY
 10 1, 2024]. Sec. 20.4: (a) This section applies only if on December 31, as
 11 reported in the public library's annual report under IC 5-11-1-4; the
 12 cash balance of all funds of the public library derived from tax revenue
 13 is greater than one hundred fifty percent (150%) of the public library's
 14 certified budget for the ensuing year.

15 (b) If section 20.3(a)(2) of this chapter does not apply; the fiscal
 16 body of a city, town, or county may adopt a resolution to require the
 17 public library to submit its proposed budget and property tax levy to the
 18 city, town, or county fiscal body as set forth in section 20.3(e) or
 19 20.3(d) of this chapter (whichever is applicable) for binding review and
 20 approval as set forth under section 20.3 of this chapter. However; the
 21 fiscal body of the city, town, or county may not reduce a public library's
 22 proposed budget or tax levy in a budget year under this section by more
 23 than ten percent (10%) of the public library's operating levy in the
 24 immediately preceding budget year.

25 (c) A resolution may be adopted under this section not later than
 26 July 1. A resolution adopted under this section remains in full force and
 27 effect until the December 31 cash balance of all funds of the public
 28 library derived from tax revenue; as reported in the public library's
 29 annual report under IC 5-11-1-4; no longer exceed one hundred fifty
 30 percent (150%) of the public library's certified budget for the ensuing
 31 year.

32 (d) Before a fiscal body may adopt a resolution under this section;
 33 the fiscal body must hold a public hearing on the proposed resolution
 34 and provide the public with notice of the time and place where the
 35 public hearing will be held. The notice required by this subsection must
 36 be given in accordance with IC 5-3-1 and include the proposed
 37 resolution. In addition to the notice required by this subsection; the
 38 fiscal body shall also provide a copy of the notice to all taxing units in
 39 the city, town, or county at least thirty (30) days before the public
 40 hearing.

41 (e) A resolution adopted by a fiscal body under this section shall be
 42 submitted to:



- 1 (1) the department of local government finance; and
 2 (2) the public library;

3 not later than five (5) days after the date the resolution is adopted:

4 SECTION 5. IC 6-1.1-17-20.5, AS AMENDED BY P.L.113-2010,
 5 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2024]: Sec. 20.5. (a) This section applies to the governing
 7 body of a taxing unit unless a majority of the governing body is
 8 comprised of officials who are elected to serve on the governing body.
 9 For purposes of this section, an individual who qualifies to be
 10 appointed to a governing body or serves on a governing body because
 11 of the individual's status as an elected official of another taxing unit
 12 shall be treated as an official who was not elected to serve on the
 13 governing body.

14 (b) As used in this section, "taxing unit" has the meaning set forth
 15 in IC 6-1.1-1-21, except that the term does not include:

- 16 (1) a school corporation; or
 17 (2) an entity whose tax levies are subject to review and
 18 modification by a city-county legislative body under IC 36-3-6-9.

19 (c) If:

- 20 (1) the assessed valuation of a taxing unit is entirely contained
 21 within a city or town; or
 22 (2) the assessed valuation of a taxing unit is not entirely contained
 23 within a city or town but the taxing unit was originally established
 24 by the city or town;

25 the governing body of the taxing unit may not issue bonds or enter into
 26 a lease payable in whole or in part from property taxes unless it obtains
 27 the approval of the city or town fiscal body.

28 (d) However, in the case of a public library that is subject to this
 29 section and is described in subsection (c), the public library may not
 30 issue bonds or enter into a lease payable in whole or in part from
 31 property taxes unless it obtains the approval of the county fiscal body,
 32 rather than the city or town fiscal body, if more than fifty percent (50%)
 33 of the parcels of real property within the jurisdiction of the public
 34 library are located outside the city or town. The requirement that the
 35 public library must obtain the approval of the county fiscal body (rather
 36 than the city or town fiscal body) if more than fifty percent (50%) of
 37 the parcels of real property within the jurisdiction of the public library
 38 are located outside the city or town does not apply to the issuance of
 39 bonds or the execution of a lease:

- 40 (1) for which a decision or preliminary determination was made
 41 under IC 6-1.1-20 before December 31, 2010; or
 42 (2) that is approved by the city or town fiscal body or the county



fiscal body before December 31, 2010:

(e) (d) This subsection applies to a taxing unit not described in subsection (c). or (d): The governing body of the taxing unit may not issue bonds or enter into a lease payable in whole or in part from property taxes unless it obtains the approval of the county fiscal body in the county where the taxing unit has the most net assessed valuation.

SECTION 6. IC 6-1.1-17-20.6 IS REPEALED [EFFECTIVE JULY 1, 2024]. Sec. 20.6: (a) Each public library shall identify the applicable city, town, or county fiscal body that receives a public library's proposed budget as provided in section 20.3(c) or 20.3(d) of this chapter.

(b) Not later than October 1, 2020, a public library shall report the applicable city, town, or county fiscal body identified under subsection (a) to the Indiana state library. The report submitted to the state library must contain:

(1) the name of the public library;

(2) the appropriate fiscal body of a city, town, or county to review a library budget under section 20.3(c) or 20.3(d) of this chapter; and

(3) after adoption by the respective board, the signatures of the public library board president and the appropriate fiscal body president.

The Indiana state library shall provide the information submitted to the Indiana state library under this subsection to the department of local government finance by not later than November 1, 2020:

(c) If a fiscal body, other than the fiscal body identified by the public library under subsection (a), objects to the public library's determination under subsection (a), the objecting fiscal body may submit a formal objection to:

(1) the Indiana state library;

(2) the public library; and

(3) the fiscal body identified under subsection (a) by the public library.

(d) If a public library:

(1) is unable to identify the applicable fiscal body under subsection (a);

(2) does not complete the reporting requirements established in subsection (b); or

(3) has a formal objection filed under subsection (c) against the public library's fiscal body designation under subsection (a);

the public library shall file an original action seeking a declaratory judgment in a court with jurisdiction to identify the appropriate fiscal



1 body. The public library shall file a copy of the declaratory judgment
 2 with the Indiana state library within thirty (30) days of the court's entry
 3 of judgment.

4 (e) The Indiana state library shall provide the information submitted
 5 to the Indiana state library under subsection (b) to the department of
 6 local government finance by not later than November 1, 2020:

7 (f) If there is a change in the territory of the public library:

8 (1) the public library shall submit a report under subsection (b) to
 9 the Indiana state library not later than October 1; and

10 (2) the Indiana state library shall report the information under
 11 subsection (b) to the department of local government finance not
 12 later than November 1;

13 in the year the change in territory becomes effective. Subsections (c)
 14 and (d) apply to the public library and to any fiscal body that objects to
 15 the public library's designation under subsection (a):

16 SECTION 7. IC 6-1.1-18-5, AS AMENDED BY P.L.38-2021,
 17 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2024]: Sec. 5. (a) If the proper officers of a political
 19 subdivision desire to appropriate more money for a particular year than
 20 the amount prescribed in the budget for that year as finally determined
 21 under this article, they shall give notice of their proposed additional
 22 appropriation. The notice shall state the time and place at which a
 23 public hearing will be held on the proposal. The notice shall be given
 24 once in accordance with IC 5-3-1-2(b).

25 (b) If the additional appropriation by the political subdivision is
 26 made from a fund for which the budget, rate, or levy is certified by the
 27 department of local government finance under IC 6-1.1-17-16, the
 28 political subdivision must report the additional appropriation to the
 29 department of local government finance in the manner prescribed by
 30 the department of local government finance. If the additional
 31 appropriation is made from a fund described under this subsection,
 32 subsections (f), (g), (h), and (i) apply to the political subdivision.

33 (c) However, if the additional appropriation is not made from a fund
 34 described under subsection (b), subsections (f), (g), (h), and (i) do not
 35 apply to the political subdivision. Subsections (f), (g), (h), and (i) do
 36 not apply to an additional appropriation made from the cumulative
 37 bridge fund if the appropriation meets the requirements under
 38 IC 8-16-3-3(c).

39 (d) A political subdivision may make an additional appropriation
 40 without approval of the department of local government finance if the
 41 additional appropriation is made from a fund that is not described
 42 under subsection (b). However, the fiscal officer of the political



1 subdivision shall report the additional appropriation to the department
2 of local government finance.

3 (e) Subject to ~~subsections~~ **subsection (j)**, and ~~(k)~~; after the public
4 hearing, the proper officers of the political subdivision shall file a
5 certified copy of their final proposal and any other relevant information
6 to the department of local government finance not later than fifteen
7 (15) days after the additional appropriation is adopted by the
8 appropriate fiscal body. If the additional appropriation is not submitted
9 to the department of local government finance within fifteen (15) days
10 after adoption, the department of local government finance may require
11 the political subdivision to conduct a readoption hearing.

12 (f) When the department of local government finance receives a
13 certified copy of a proposal for an additional appropriation under
14 subsection (e), the department shall determine whether sufficient funds
15 are available or will be available for the proposal. The determination
16 shall be made in writing and sent to the political subdivision not more
17 than fifteen (15) days after the department of local government finance
18 receives the proposal.

19 (g) In making the determination under subsection (f), the
20 department of local government finance shall limit the amount of the
21 additional appropriation to revenues available, or to be made available,
22 which have not been previously appropriated.

23 (h) If the department of local government finance disapproves an
24 additional appropriation under subsection (f), the department shall
25 specify the reason for its disapproval on the determination sent to the
26 political subdivision.

27 (i) A political subdivision may request a reconsideration of a
28 determination of the department of local government finance under this
29 section by filing a written request for reconsideration. A request for
30 reconsideration must:

- 31 (1) be filed with the department of local government finance
32 within fifteen (15) days of the receipt of the determination by the
33 political subdivision; and
- 34 (2) state with reasonable specificity the reason for the request.

35 The department of local government finance must act on a request for
36 reconsideration within fifteen (15) days of receiving the request.

37 (j) This subsection applies to an additional appropriation by a
38 political subdivision that must have the political subdivision's annual
39 appropriations and annual tax levy adopted by a city, town, or county
40 fiscal body under IC 6-1.1-17-20 or IC 36-1-23 or by a legislative or
41 fiscal body under IC 36-3-6-9. The fiscal or legislative body of the city,
42 town, or county that adopted the political subdivision's annual



1 appropriation and annual tax levy must adopt the additional
 2 appropriation by ordinance before the department of local government
 3 finance may approve the additional appropriation.

4 ~~(k) This subsection applies to a public library that is not required to~~
 5 ~~submit the public library's budgets; tax rates; and tax levies for binding~~
 6 ~~review and approval under IC 6-1.1-17-20 or IC 6-1.1-17-20.4. If a~~
 7 ~~public library subject to this subsection proposes to make an additional~~
 8 ~~appropriation for a year; and the additional appropriation would result~~
 9 ~~in the budget for the library for that year increasing (as compared to the~~
 10 ~~previous year) by a percentage that is greater than the result of the~~
 11 ~~maximum levy growth quotient determined under IC 6-1.1-18.5-2 for~~
 12 ~~the calendar year minus one (1); the additional appropriation must first~~
 13 ~~be approved by the city, town, or county fiscal body described in~~
 14 ~~IC 6-1.1-17-20.3(c) or IC 6-1.1-17-20.3(d); as appropriate.~~

15 ~~(k)~~ This subsection applies to an appropriation for which the
 16 underlying purpose is a bond issue. The political subdivision shall
 17 include the appropriation for the bond proceeds in the budget of the
 18 political subdivision for the ensuing year adopted under IC 6-1.1-17.
 19 If the political subdivision does not include the appropriation for the
 20 bond proceeds as required by this subsection, the political subdivision
 21 shall comply with the requirements of this section in the year in which
 22 the bond proceeds are received, but may not take an action pursuant to
 23 this section in a year before the year in which the bond proceeds are
 24 received.

25 SECTION 8. IC 6-6-5-10.5 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 10.5. The county
 27 auditor shall, not later than August first of each year, furnish to the
 28 proper officer of each municipal corporation an estimate of the
 29 amounts to be distributed to the taxing units under this chapter during
 30 the next calendar year and the budget of each such municipal
 31 corporation shall show the estimated amounts to be received for each
 32 fund for which a property tax is proposed to be levied. The term
 33 "municipal corporation" shall mean any county, city, town, township,
 34 school corporation, ~~public library~~ or other taxing district.

35 SECTION 9. IC 36-3-6-9, AS AMENDED BY P.L.137-2012,
 36 SECTION 118, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2024]: Sec. 9. (a) Except as provided in
 38 subsection (d), the city-county legislative body shall review the
 39 proposed operating and maintenance budgets and tax levies and adopt
 40 final operating and maintenance budgets and tax levies for each of the
 41 following entities in the county:

- 42 (1) An airport authority operating under IC 8-22-3.



- 1 ~~(2) A public library operating under IC 36-12-~~
- 2 ~~(3) (2) A capital improvement board of managers operating under~~
- 3 ~~IC 36-10.~~
- 4 ~~(4) (3) A public transportation corporation operating under~~
- 5 ~~IC 36-9-4.~~
- 6 ~~(5) (4) A health and hospital corporation established under~~
- 7 ~~IC 16-22-8.~~
- 8 ~~(6) (5) Any other taxing unit (as defined in IC 6-1.1-1-21) that is~~
- 9 ~~located in the county and has a governing body that is not~~
- 10 ~~comprised of a majority of officials who are elected to serve on~~
- 11 ~~the governing body.~~

12 Except as provided in subsection (c), the city-county legislative body
 13 may reduce or modify but not increase a proposed operating and
 14 maintenance budget or tax levy under this section.

15 (b) The board of each entity listed in subsection (a) shall, after
 16 adoption of its proposed budget and tax levies, submit them, along with
 17 detailed accounts, to the city clerk before September 2.

18 (c) The city-county legislative body or, when subsection (d) applies,
 19 the fiscal body of an excluded city or town shall review the issuance of
 20 bonds of an entity listed in subsection (a). Approval of the city-county
 21 legislative body or, when subsection (d) applies, the fiscal body of an
 22 excluded city or town is required for the issuance of bonds. The
 23 city-county legislative body or the fiscal body of an excluded city or
 24 town may not reduce or modify a budget or tax levy of an entity listed
 25 in subsection (a) in a manner that would:

- 26 (1) limit or restrict the rights vested in the entity to fulfill the
- 27 terms of any agreement made with the holders of the entity's
- 28 bonds; or
- 29 (2) in any way impair the rights or remedies of the holders of the
- 30 entity's bonds.

31 (d) If the assessed valuation of a taxing unit is entirely contained
 32 within an excluded city or town (as described in IC 36-3-1-7) that is
 33 located in a county having a consolidated city, the governing body of
 34 the taxing unit shall submit its proposed operating and maintenance
 35 budget and tax levies to the city or town fiscal body for approval and
 36 not the city-county legislative body. Except as provided in subsection
 37 (c), the fiscal body of the excluded city or town may reduce or modify
 38 but not increase a proposed operating and maintenance budget or tax
 39 levy under this section.

40 SECTION 10. IC 36-12-1-10, AS ADDED BY P.L.1-2005,
 41 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2024]: Sec. 10. (a) A Class 2 library may convert to Class 1



1 status if the Class 2 library board passes the following resolution of
2 conversion:

3 " _____ Public Library, by action of its library board,
4 resolves to convert to a Class 1 library district subject to
5 IC 36-12-2."

6 (b) The resolution of conversion:

- 7 (1) must describe the territory included in the library district; and
- 8 (2) is irrevocable.

9 (c) The resolution of conversion must be signed by a majority of
10 library board members. Not later than five (5) days after approving the
11 resolution of conversion, the library board shall file a copy of the
12 resolution of conversion:

13 (1) in the office of the county recorder in the county where the
14 administrative office of the public library is located; and

15 (2) with the Indiana state library.

16 (d) The library board shall give notice of the resolution of
17 conversion to all officials who have appointive powers under
18 IC 36-12-2.

19 (e) The officials under subsection (d) shall appoint a library board
20 for the public library. Members of the old library board shall continue
21 to serve as library board members until:

- 22 (1) a majority of the new library board has been appointed; and
- 23 (2) the new appointees have taken an oath of office to serve on the
24 library board.

25 (f) Upon the:

- 26 (1) filing of the resolution of conversion;
- 27 (2) appointments under IC 36-12-2; and
- 28 (3) oath of office of the new library board under IC 36-12-2-19;

29 any current tax levies continue under authority granted to the Class 2
30 library **before July 1, 2024**, until the next succeeding calendar year, at
31 which time the tax provisions for Class 1 libraries under IC 36-12-3-12
32 apply **before July 1, 2024, and after June 30, 2024, the tax**
33 **provisions for Class 1 libraries under IC 36-12-3-12.1 and**
34 **IC 36-12-3-12.2 apply.**

35 (g) The obligation of a political subdivision to levy and collect taxes
36 for library purposes remains effective after the conversion.

37 SECTION 11. IC 36-12-2-2, AS ADDED BY P.L.1-2005,
38 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 2024]: Sec. 2. (a) A Class 1 public library is a municipal
40 corporation, known as _____ Public Library.

41 (b) In the name of the Class 1 public library under subsection (a),
42 the public library may:



- 1 (1) contract and be contracted with; and
- 2 (2) sue and be sued in court.
- 3 (c) **Before January 1, 2025**, each public library constitutes an
- 4 independent taxing unit for purposes of IC 6-1.1-1-21.
- 5 SECTION 12. IC 36-12-2-15, AS AMENDED BY P.L.104-2022,
- 6 SECTION 229, IS AMENDED TO READ AS FOLLOWS
- 7 [EFFECTIVE JULY 1, 2024]: Sec. 15. (a) This section applies to the
- 8 library board of a library district:
- 9 (1) located in a county having a population of more than
- 10 seventy-nine thousand (79,000) and less than eighty thousand
- 11 (80,000); and
- 12 (2) containing all or part of the territory of each school
- 13 corporation in the county.
- 14 (b) Notwithstanding section 9 of this chapter, the library board has
- 15 the following members:
- 16 (1) One (1) member appointed by the executive of the county in
- 17 which the library district is located and who is not a member of
- 18 the county executive.
- 19 (2) One (1) member appointed by the fiscal body of the county in
- 20 which the library district is located and who is not a member of
- 21 the county fiscal body.
- 22 (3) One (1) member appointed by the legislative body of the most
- 23 populous city in the library district and who is not a member of
- 24 the city legislative body.
- 25 (4) One (1) member appointed by the school board of each school
- 26 corporation having territory in the library district and who is not
- 27 a member of a governing body of a school corporation.
- 28 (c) An individual who is appointed under subsection (b) to serve as
- 29 a member of a library board must, before March 1 of each year, report
- 30 to the member's appointing authority concerning the work of the library
- 31 board and finances of the library during the preceding calendar year,
- 32 including the rate of taxation determined under IC 36-12-3-12 (**before**
- 33 **July 1, 2024**).
- 34 SECTION 13. IC 36-12-3-7, AS ADDED BY P.L.1-2005,
- 35 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 36 JULY 1, 2024]: Sec. 7. (a) A library board may contract to provide or
- 37 receive library service from the following municipal corporations:
- 38 (1) Another public library.
- 39 (2) Any unit.
- 40 (b) A contract for library service between a public library and
- 41 another municipal corporation must outline the:
- 42 (1) manner and extent of library service; and



1 (2) amount of compensation for the extension of library service.
 2 (c) This subsection does not apply to municipal corporations
 3 described in section 8 of this chapter. A municipal corporation
 4 receiving library service shall
 5 ~~(1) levy a tax sufficient to meet the amount of compensation~~
 6 ~~agreed upon under the contract; and~~
 7 ~~(2) expend all funds received under a contract for library services~~
 8 ~~chargeable to the contract.~~

9 SECTION 14. IC 36-12-3-8, AS AMENDED BY P.L.104-2022,
 10 SECTION 230, IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2024]: Sec. 8. (a) This section applies to
 12 municipal corporations located in a county having a population of more
 13 than thirty-five thousand nine hundred (35,900) and less than thirty-six
 14 thousand (36,000).

15 (b) A municipal corporation receiving library service under section
 16 7 of this chapter shall
 17 ~~(1) levy a tax sufficient to meet the amount of compensation~~
 18 ~~agreed on under the contract; or~~
 19 ~~(2) make the contract payments with revenue derived from a tax~~
 20 ~~being imposed before the contract is approved by the municipal~~
 21 ~~corporation, including the part of local income tax revenue that is~~
 22 ~~not required to be dedicated to providing property tax relief.~~

23 (c) A library board providing service shall expend all funds received
 24 under a contract for library services chargeable to the contract.

25 SECTION 15. IC 36-12-3-10, AS ADDED BY P.L.1-2005,
 26 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2024]: Sec. 10. The library board may do the following:

28 (1) Adopt a resolution to make loans or issue notes to refund the
 29 loans in anticipation of revenues of the library that are expected
 30 to be levied and collected **or received** during the term of the
 31 loans. The term of a loan made under this subdivision may not be
 32 more than five (5) years. Loans under this subdivision must be
 33 made in the following manner:

34 (A) The resolution authorizing the loans must appropriate and
 35 pledge to payment of the loans a sufficient amount of the
 36 revenues in anticipation of which the loans are issued and out
 37 of which the loans are payable.

38 (B) The loans must be evidenced by warrants or tax
 39 anticipation notes of the library in terms designating:

- 40 (i) the nature of the consideration;
- 41 (ii) the time and place payable; and
- 42 (iii) the revenues in anticipation of which the loans are



- 1 issued and out of which the loans are payable.
- 2 (2) Borrow money from other persons.
- 3 (3) Issue, negotiate, and sell negotiable notes and bonds of the
- 4 public library.
- 5 (4) **For taxes first due and payable in 2024 or before,** levy,
- 6 assess, and collect, at the same time and in the same manner as
- 7 other taxes of the public library are levied, assessed, and
- 8 collected, a special tax in addition to the tax authorized by section
- 9 12 of this chapter, sufficient to pay all yearly interest on the
- 10 bonded and note indebtedness of the public library.
- 11 (5) Provide a sinking fund for the liquidation of the principal of
- 12 the bond when the principal of the bond becomes due.
- 13 **(6) Receive, expend, or pledge tax revenue as set forth in this**
- 14 **chapter that the library receives from a special tax levy**
- 15 **assessed by the county or municipality to which a budget is**
- 16 **submitted under section 12.1 of this chapter.**
- 17 SECTION 16. IC 36-12-3-11, AS ADDED BY P.L.1-2005,
- 18 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 19 JULY 1, 2024]: Sec. 11. (a) A library board shall establish funds to
- 20 keep money and securities of the public library as follows:
- 21 (1) All money collected **or received** from tax levies, interest on
- 22 investments, fees, fines, rentals, and other revenues:
- 23 (A) shall be deposited into the library operating fund, except
- 24 as otherwise provided in this section; and
- 25 (B) must be budgeted and expended in the manner required by
- 26 law.
- 27 (2) All money received from the sale of bonds or other evidences
- 28 of indebtedness for the purpose of construction, reconstruction, or
- 29 alteration of library buildings, except the premium and accrued
- 30 interest on the bonds, shall be deposited into the construction
- 31 fund. The money shall be appropriated and expended solely for
- 32 the purpose for which the indebtedness is created.
- 33 (3) All money derived from the taxes levied for the purpose of
- 34 retiring bonds or other evidence of indebtedness, and any
- 35 premium or accrued interest that may be received, shall be
- 36 deposited into the bond and interest redemption fund. The fund
- 37 shall be used for no other purpose than the repayment of
- 38 indebtedness.
- 39 (4) Money or securities may be accumulated in any library
- 40 improvement reserve fund to anticipate necessary future capital
- 41 expenditures, such as:
- 42 (A) the purchase of land;



- 1 (B) the purchase and construction of buildings or structures;
 2 (C) the construction of additions or improvements to existing
 3 structures;
 4 (D) the purchase of equipment; and
 5 (E) all repairs or replacement of buildings or equipment.
 6 (5) Money or securities accepted and received by the library
 7 board as a grant, a gift, a donation, an endowment, a bequest, or
 8 a trust may be:
 9 (A) set aside in a separate fund or funds and shall be
 10 expended, without appropriation, in accordance with the
 11 conditions and purposes specified by the donor; or
 12 (B) set aside in an account with a nonprofit corporation
 13 established for the sole purpose of building permanent
 14 endowments within a community (referred to as a "community
 15 foundation"). The earnings on the funds in the account, either:
 16 (i) deposited by the library; or
 17 (ii) accepted by the community foundation on behalf of the
 18 library;
 19 may be distributed back to the library for expenditure, without
 20 appropriation, in accordance with the conditions and purposes
 21 specified by the donor. A community foundation that
 22 distributes earnings under this clause is not required to make
 23 more than one (1) distribution of earnings in a calendar year.
 24 (6) All money received in payment for library services or for
 25 library purchases made or to be made under the terms of a
 26 contract between two (2) or more public libraries under section 7
 27 of this chapter shall be deposited into the contractual service fund.
 28 This money shall be:
 29 (A) expended solely for the purposes specified in the contract;
 30 and
 31 (B) disbursed without further appropriation.
 32 (b) The library board may invest excess funds in accordance with
 33 IC 5-13-9.
 34 SECTION 17. IC 36-12-3-12, AS AMENDED BY P.L.159-2020,
 35 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2024]: Sec. 12. (a) **This section applies to a library board
 37 before July 1, 2024.**
 38 (a) (b) The library board shall determine the rate of taxation for the
 39 library district that is necessary for the proper operation of the library.
 40 The library board shall certify the rate to the county auditor.
 41 (c) An additional rate **under this section** may be levied under
 42 section 10(4) of this chapter **for taxes first due and payable in 2024**



- 1 **or before.**
 2 ~~(b)~~ **(d)** If the library board fails to:
 3 (1) give:
 4 (A) a first published notice to the board's taxpayers of the
 5 board's proposed budget and tax levy for the ensuing year at
 6 least ten (10) days before the public hearing required under
 7 IC 6-1.1-17-3; and
 8 (B) a second published notice to the board's taxpayers of the
 9 board's proposed budget and tax levy for the ensuing year at
 10 least three (3) days before the public hearing required under
 11 IC 6-1.1-17-3; or
 12 (2) finally adopt the budget and fix the tax levy not later than
 13 November 1;
 14 the last preceding annual appropriation made for the public library is
 15 renewed for the ensuing year, and the last preceding annual tax levy is
 16 continued. Under this subsection, the treasurer of the library board
 17 shall report the continued tax levy to the county auditor not later than
 18 November 1.
 19 SECTION 18. IC 36-12-3-12.1 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2024]: **Sec. 12.1. (a) This section applies to a**
 22 **library board after June 30, 2024.**
 23 **(b) The library board shall prepare and submit an annual**
 24 **budget in the same manner as other departments of county or**
 25 **municipal government, as the case may be, and shall be limited in**
 26 **all expenditures to the provisions made for the expenditures by the**
 27 **fiscal body of the county or municipality in which the boundaries**
 28 **of the library district are located.**
 29 **(c) The annual budget submitted by the library board to the**
 30 **fiscal body under this section shall include a separate line item**
 31 **proposal for each proposed function or service of the library that**
 32 **is not a core public function under IC 36-12-16-2.**
 33 **(d) If the territory of the library district is located in more than**
 34 **one (1) county or municipality, the library board shall prepare and**
 35 **submit an annual budget under this section to each county or**
 36 **municipality.**
 37 SECTION 19. IC 36-12-3-12.2 IS ADDED TO THE INDIANA
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2024]: **Sec. 12.2. (a) This section applies for**
 40 **assessment dates after December 31, 2023.**
 41 **(b) The territory within the boundaries of a library district**
 42 **comprises a special taxing district for the purpose of levying special**



1 benefit taxes for public library purposes under this chapter. The
 2 special benefit taxes levied and collected shall be paid to the public
 3 library.

4 (c) The fiscal body of the county or municipality to which a
 5 budget is submitted under section 12.1 of this chapter shall
 6 determine and provide the revenues necessary for the operation
 7 and maintenance of the public library by:

- 8 (1) a special tax levy;
- 9 (2) a specific appropriation; or
- 10 (3) both of these methods.

11 (d) If the territory of the library district is located in more than
 12 one (1) county or municipality, each respective county or
 13 municipality shall provide an amount of the revenue:

- 14 (1) required for the public library as set forth under
 15 subsection (c); and
- 16 (2) in proportion to the county's or municipality's assessed
 17 value within the library district compared to the total assessed
 18 value of the library district.

19 (e) For purposes of the property tax levy limits under
 20 IC 6-1.1-18.5, a special tax levied under this section is included in
 21 the calculation of the maximum permissible property tax levy for
 22 the county or municipality. For property taxes first due and
 23 payable in 2025, the county's or municipality's maximum
 24 permissible ad valorem property tax levy under IC 6-1.1-18.5 shall
 25 be increased by:

- 26 (1) the public library's maximum permissible ad valorem
 27 property tax levy under IC 6-1.1-18.5 for property taxes first
 28 due and payable in 2024; multiplied by
- 29 (2) the maximum levy growth quotient under IC 6-1.1-18.5-2
 30 for property taxes first due and payable in 2025.

31 The county's or municipality's maximum permissible ad valorem
 32 property tax levy under IC 6-1.1-18.5 for property taxes first due
 33 and payable in 2025 shall be used in the determination of the
 34 county's or municipality's maximum permissible ad valorem
 35 property tax levy under IC 6-1.1-18.5 for property taxes first due
 36 and payable in 2026 and thereafter.

37 SECTION 20. IC 36-12-4-4, AS ADDED BY P.L.1-2005,
 38 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2024]: Sec. 4. (a) A copy of the resolution adopting the
 40 merger described in section 3(e) of this chapter must be filed with:

- 41 (1) the county recorder in each county in which merging library
 42 districts are located; and



- 1 (2) the Indiana state library.
- 2 (b) After the resolution adopting the merger is filed, each library
- 3 board that is not the board of the primary library shall appoint four (4)
- 4 members to serve with the primary library board on an interim board.
- 5 (c) The interim board has the same duties and powers of a public
- 6 library board under IC 36-12-3.
- 7 (d) After the resolution adopting the merger is filed, the budgets of
- 8 the merging libraries shall be:
- 9 (1) combined for the remainder of the current year; and
- 10 (2) administered by the interim board.
- 11 (e) The interim board described in subsection (b) is dissolved on
- 12 December 31 of the year in which the merger takes place.
- 13 (f) The members of a merged library board shall be appointed under
- 14 IC 36-12-2, and the terms of office for the members of the merged
- 15 library board begin January 1 following the dissolution of the interim
- 16 board.
- 17 (g) If a merger takes place after December 31 but before July 1 of
- 18 the ensuing year, the interim library board described in subsection (b)
- 19 shall ~~present a new budget and tax rate to the department of local~~
- 20 ~~government finance~~ **prepare and submit a new budget under**
- 21 **IC 36-12-3-12.1** to receive a new tax levy for the merged library
- 22 district.
- 23 (h) If a merger takes place after June 30 but before January 1 of the
- 24 ensuing year, the merged library board described in subsection (f) shall
- 25 ~~present a new budget and tax rate to the department of local~~
- 26 ~~government finance~~ **prepare and submit a new budget under**
- 27 **IC 36-12-3-12.1** to receive a new tax levy for the merged library
- 28 district.
- 29 SECTION 21. IC 36-12-6-4, AS ADDED BY P.L.1-2005,
- 30 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31 JULY 1, 2024]: Sec. 4. (a) If a township or part of a township is
- 32 contracting with a library that is extending service through a county
- 33 contractual library, the township or part of a township
- 34 ~~(1) shall cease to levy a separate tax for library purposes; and~~
- 35 ~~(2) becomes a part of the county contractual library district.~~
- 36 (b) The tax levy for county contractual library purposes shall then
- 37 be levied in the township or part of a township that has become part of
- 38 the county contractual library district.
- 39 (c) A township that ceases to levy a tax for public library purposes
- 40 in any year becomes a part of the township's county library district or
- 41 county contractual library district, if either library district exists at the
- 42 time the township levy is discontinued. The county library or county



1 contractual library tax shall then be levied in the townships.

2 SECTION 22. IC 36-12-7-6, AS ADDED BY P.L.1-2005,
3 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2024]: Sec. 6. (a) A public library established as an 1852
5 subscription library is a municipal corporation and possesses the power
6 to:

7 (1) sue and be sued; and

8 (2) receive by donation books, money, paper, or other real or
9 personal property for the library.

10 (b) The shareholders of the 1852 subscription library are the
11 inhabitants of the municipality who have subscribed money for the
12 establishment of the library. The shareholders shall annually elect
13 seven (7) directors on the first Monday in January. However, if an
14 annual election is omitted, the directors remain in office until the next
15 annual election and until successors are chosen.

16 (c) The directors shall appoint one (1) director to be president at the
17 meetings. The president may vote only in case of a tie vote. A majority
18 of the directors constitutes a quorum. If a vacancy occurs among the
19 directors, the remaining directors shall elect a new director to fill the
20 vacancy, and the new director shall serve until the next annual election.

21 (d) The 1852 subscription library is governed by bylaws adopted by
22 the directors of the public library.

23 (e) The directors may adopt a common seal.

24 (f) The directors may levy a tax on the shareholders not to exceed
25 one dollar (\$1) on each share during one (1) year. In addition, at the
26 annual meeting, the shareholders may increase the tax to a sum not to
27 exceed five dollars (\$5) on each share during one (1) year. **The**
28 **provisions in IC 36-12-3-12.1 and IC 36-12-3-12.2 do not apply to**
29 **a public library described in this section.**

30 (g) The shareholders may:

31 (1) appoint a treasurer and a librarian; or

32 (2) remove the treasurer or librarian;

33 at the pleasure of the shareholders.

34 SECTION 23. IC 36-12-7-7, AS AMENDED BY P.L.233-2015,
35 SECTION 348, IS AMENDED TO READ AS FOLLOWS
36 [EFFECTIVE JULY 1, 2024]: Sec. 7. (a) The library board of a library
37 established as an 1899 township library consists of the school township
38 trustee in the township where the library is located and two (2)
39 residents of the township who are appointed by the board of
40 commissioners of the county where the library is located.
41 Appointments are for a term of four (4) years. Members of the library
42 board serve without compensation.



- 1 (b) The library board:
- 2 (1) shall control the purchase of books and the management of the
- 3 library;
- 4 (2) shall possess and retain custody of any books remaining in the
- 5 old township library in the township where the library is located;
- 6 (3) may receive donations, bequests, and legacies on behalf of the
- 7 library; and
- 8 (4) may receive copies of all documents of the state available for
- 9 distribution from the director of the state library.
- 10 (c) The 1899 township library is the property of the township. The
- 11 township trustee is responsible for the safe preservation of the township
- 12 library.
- 13 (d) Two (2) or more adjacent townships may unite to maintain a
- 14 township library. The library is controlled by either:
- 15 (1) a combined library board, which consists of each of the
- 16 uniting township boards appointed under subsection (a); or
- 17 (2) the one (1) township library board appointed under subsection
- 18 (a) of the uniting townships that receives funding for the
- 19 operation of the uniting township library.
- 20 (e) The legislative body of any township that contains a library
- 21 established as an 1899 township library may levy a tax annually of not
- 22 more than three and thirty-three hundredths cents (\$0.0333) on each
- 23 one hundred dollars (\$100) of taxable property assessed for taxation in
- 24 the township. If the legislative body does not levy the tax, a petition
- 25 signed by at least the number of registered voters required under
- 26 IC 3-8-6-3 to place a candidate on the ballot may be filed with the
- 27 circuit court clerk, who:
- 28 (1) shall determine if an adequate number of voters have signed
- 29 the petition; and
- 30 (2) if an adequate number of voters have signed the petition, shall
- 31 certify the public question to the county election board under
- 32 IC 3-10-9-3. The county election board shall then cause to be
- 33 printed on the ballot for the township the following question in
- 34 the form prescribed by IC 3-10-9-4: "Shall a township library tax
- 35 be levied?"
- 36 If a majority of the votes cast on the question in subdivision (2) are in
- 37 the affirmative, the township trustee shall annually levy a tax of not less
- 38 than one and sixty-seven hundredths cents (\$0.0167) and not more than
- 39 three and thirty-three hundredths cents (\$0.0333) on each one hundred
- 40 dollars (\$100) of taxable property in the township for the establishment
- 41 and support of a township library. The township tax shall be levied,
- 42 assessed, collected, and paid according to the procedure outlined in



1 IC 6-1.1.

2 (f) The tax levy under subsection (e) shall be discontinued when the
3 question of discontinuing the levy has been submitted to a vote
4 according to the procedure provided in subsection (e) and the majority
5 of the votes cast on the question is in the negative.

6 (g) If a public library that is open for the use of all the residents of
7 the township is located in the township, the proceeds of the tax
8 collected under subsection (e) shall be paid to that public library.

9 (h) In a township outside a city that contains a library:

10 (1) established by private donations of the value of at least ten
11 thousand dollars (\$10,000), including the real estate and buildings
12 used for the library; and

13 (2) used for the benefit of all the inhabitants of the township;
14 the township trustee of the township shall annually levy and collect not
15 more than two cents (\$0.02) on each one hundred dollars (\$100) upon
16 the taxable property within the limits of the township. The money shall
17 be paid to the trustees of the library, to be applied by the trustees for
18 the purchase of books and the payment of the maintenance costs for the
19 library. When it becomes necessary to purchase additional ground for
20 the extension or protection of library buildings already established by
21 private donation, the trustee, with the consent of the county legislative
22 body, may annually levy and collect not more than one and sixty-seven
23 hundredths cents (\$0.0167) on each one hundred dollars (\$100) of
24 taxable property of the township for not more than three (3) years
25 successively, to be expended by the trustees for the purchase of
26 property and the construction and enlargement of library buildings.
27 **The provisions in IC 36-12-3-12.1 and IC 36-12-3-12.2 do not apply**
28 **to a public library described in this section.**

29 (i) The 1899 township library is free to all the residents of the
30 township.

31 SECTION 24. IC 36-12-7-8, AS AMENDED BY P.L.11-2023,
32 SECTION 135, IS AMENDED TO READ AS FOLLOWS
33 [EFFECTIVE JULY 1, 2024]: Sec. 8. (a) As used in this section:

34 (1) "county fiscal body" means the fiscal body of a county in
35 which a private donation library is located;

36 (2) "library board" means a library board established under
37 IC 20-14 (before its repeal) or this article in a county in which a
38 private donation library is located; and

39 (3) "private donation library" means a public library:

40 (A) established by private donation;

41 (B) located in a city having a population of more than one
42 hundred ten thousand (110,000) and less than one hundred



- 1 fifty thousand (150,000);
 2 (C) that contains at least twenty-five thousand (25,000)
 3 volumes;
 4 (D) that has real property valued at at least one hundred
 5 thousand dollars (\$100,000); and
 6 (E) that is open and free to the residents of the city.
- 7 (b) The: ~~library board shall:~~
- 8 (1) **library board shall, for property taxes first due and**
 9 **payable in 2024 or before,** levy a tax under IC 6-1.1 in an
 10 amount not less than sixty-seven hundredths of one cent
 11 (\$0.0067) and not more than one and sixty-seven hundredths
 12 cents (\$0.0167) on each one hundred dollars (\$100) of the
 13 assessed valuation of all the real and personal property in the
 14 county; **and**
- 15 (2) **county fiscal body shall, for property taxes first due and**
 16 **payable after 2024, levy a tax under IC 6-1.1 in an amount not**
 17 **less than sixty-seven hundredths of one cent (\$0.0067) and not**
 18 **more than one and sixty-seven hundredths cents (\$0.0167) on**
 19 **each one hundred dollars (\$100) of the assessed valuation of**
 20 **all the real and personal property in the county.**
- 21 ~~(2)~~ (c) **The library board shall** keep the ~~tax levied~~ **taxes levied**
 22 **and received** under ~~subdivision (1)~~ **subsection (b)** separate from all
 23 other funds of the library board. ~~and~~
- 24 ~~(3)~~ (d) **The library board shall** use the ~~tax levied~~ **taxes levied and**
 25 **received** under ~~subdivision (1)~~ **subsection (b):**
- 26 ~~(A)~~ (1) if the membership of the trustees of the private donation
 27 library includes at least one (1) member or appointee of the
 28 library board and at least one (1) appointee of the county fiscal
 29 body, for distributions of the full amounts of the tax received to
 30 the trustees of the private donation library at the time the tax is
 31 received by the library board; or
- 32 ~~(B)~~ (2) if the membership of the trustees of the private donation
 33 library does not include at least one (1) member or appointee of
 34 the library board and at least one (1) appointee of the county
 35 fiscal body, at the discretion of the library board for:
- 36 ~~(i)~~ (A) library board purposes; or
 37 ~~(ii)~~ (B) quarterly distributions to the trustees of the private
 38 donation library.
- 39 ~~(e)~~ (e) If requested by the trustees of the private donation library, the
 40 library board shall designate a member of the library board or appoint
 41 an individual to serve as a trustee of the private donation library. If
 42 requested by the trustees of the private donation library, the county



1 fiscal body shall appoint an individual to serve as a trustee of the
2 private donation library.

3 ~~(d)~~ **(f)** The trustees of the private donation library shall annually
4 submit a budget to the library board.

5 ~~(e)~~ **(g)** The trustees of the private donation library shall expend
6 amounts received under subsection ~~(b)(3)(A)~~ **(d)(1)** or ~~(b)(3)(B)(ii)~~
7 **(d)(2)(B)** for the support, operation, and maintenance of the private
8 donation library. The trustees shall:

9 (1) keep the money separate from all other funds;

10 (2) record:

11 (A) the amount of money received;

12 (B) to whom and when the money is paid out; and

13 (C) for what purpose the money is used;

14 in a book kept by the trustees; and

15 (3) make an annual report of the matters referred to in subdivision

16 (2) to the library board.

17 ~~(f)~~ **(h)** For purposes of the property tax levy limits under
18 IC 6-1.1-18.5, the tax levied by the library board **or the county fiscal**
19 **body** under subsection ~~(b)(1)~~ **(b)** is not included in the calculation of
20 the maximum permissible property tax levy for the public library **or the**
21 **county, whichever is applicable.**

22 SECTION 25. IC 36-12-10-1.5 IS ADDED TO THE INDIANA
23 CODE AS A NEW SECTION TO READ AS FOLLOWS
24 [EFFECTIVE JULY 1, 2024]: **Sec. 1.5. As used in this chapter,**
25 **"governing authority" means:**

26 **(1) before July 1, 2024, the library board; and**

27 **(2) after June 30, 2024, the fiscal body of the county or**
28 **municipality to which a budget is submitted under**
29 **IC 36-12-3-12.1. If the territory of the library district is**
30 **located in more than one (1) county or municipality, the**
31 **governing authority shall be a joint body of each applicable**
32 **county or municipality.**

33 SECTION 26. IC 36-12-10-9, AS AMENDED BY P.L.38-2021,
34 SECTION 111, IS AMENDED TO READ AS FOLLOWS
35 [EFFECTIVE JULY 1, 2024]: **Sec. 9. (a) If the execution of the lease**
36 **as originally agreed upon, or as modified by agreement, is authorized**
37 **by the library board, governing authority, the library board shall give**
38 **notice of the signing of the lease by publication one (1) time in a**
39 **newspaper of general circulation printed in the English language in the**
40 **district of the municipal corporation or in each municipal corporation**
41 **district if the proposed lease is a joint lease. If a newspaper is not**
42 **published in the district, the notice shall be published in any newspaper**



1 of general circulation published in the county.

2 (b) Fifty (50) or more taxpayers in the municipal corporation or
3 corporations who will be affected by the proposed lease and who are of
4 the opinion that the execution of the lease is not necessary or that the
5 proposed rental is not a fair and reasonable rental may file a petition in
6 the office of the county auditor of the county in which the municipal
7 corporation or corporations are located. The petition must be filed not
8 later than thirty (30) days after the publication of notice of the
9 execution of the lease and must set forth objections and facts showing
10 that the execution of the lease is unnecessary or unwise or that the lease
11 rental is not fair and reasonable, as the case may be.

12 (c) Upon the filing of a petition, the county auditor shall
13 immediately certify to the department of local government finance a
14 copy of the petition, together with other data that may be necessary to
15 present the questions involved. Upon receipt of the certified petition
16 and information, the department of local government finance shall fix
17 a time and place for a hearing of the matter not less than five (5) or
18 more than thirty (30) days after the department's receipt of the petition
19 and information. The hearing shall be held in the municipal corporation
20 or corporations, in the county where the municipal corporation or
21 corporations are located, or through electronic means.

22 (d) Notice of the hearing shall be given by the department of local
23 government finance to **the governing authority**, the members of the
24 library board, and to the first ten (10) taxpayer petitioners on the
25 petition by a letter signed by the department of local government
26 finance. The postage of the notice shall be prepaid, and the notice shall
27 be addressed to the persons at their usual place of residence and mailed
28 at least five (5) days before the date of the hearing. The decision of the
29 department of local government finance on the appeal regarding the
30 necessity for the execution of the lease and whether the rental is fair
31 and reasonable is final. A lease may be amended by the parties by
32 following the procedure under this chapter.

33 (e) An action to contest the validity of the lease or an amendment to
34 the lease or to enjoin the performance of any of the terms and
35 conditions of the lease must be brought not later than thirty (30) days
36 after publication of notice of the execution of the lease or an
37 amendment to the lease by the library board of the municipal
38 corporation or corporations. If an appeal has been taken to the
39 department of local government finance, action must be brought not
40 later than thirty (30) days after the decision of the department.

41 SECTION 27. IC 36-12-10-13, AS AMENDED BY P.L.42-2018,
42 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2024]: Sec. 13. **(a) The following apply to** a municipal
2 corporation that executes a lease under this chapter:

3 **(1) For property taxes first due and payable in 2024 or before,**
4 **the municipal corporation** shall annually levy a special tax, in
5 addition to other taxes authorized by law, sufficient to produce
6 each year the necessary funds with which to pay the lease rental
7 stipulated to be paid by the municipal corporation under the lease.

8 **(2) For property taxes first due and payable after 2024, the**
9 **county or municipal fiscal body shall annually levy a special**
10 **tax, in addition to other taxes authorized by law, sufficient to**
11 **produce each year the necessary funds with which to pay the**
12 **lease rental stipulated to be paid by the municipal corporation**
13 **under the lease.**

14 **(b)** A levy under this section shall be reviewed in accordance with
15 IC 6-1.1-17.

16 **(c)** The first tax levy shall be made at the first annual tax levy period
17 following the date of the execution of the lease. The first annual levy
18 must be sufficient to pay the estimated amount of the first annual lease
19 rental payment to be made under the lease.

20 SECTION 28. IC 36-12-12-1.5 IS ADDED TO THE INDIANA
21 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2024]: **Sec. 1.5. As used in this chapter,**
23 **"governing authority" means:**

24 **(1) before July 1, 2024, the library board; and**

25 **(2) after June 30, 2024, the fiscal body of the county or**
26 **municipality to which a budget is submitted under**
27 **IC 36-12-3-12.1. If the territory of the library district is**
28 **located in more than one (1) county or municipality, the**
29 **governing authority shall be a joint body of each county or**
30 **municipality.**

31 SECTION 29. IC 36-12-12-3, AS ADDED BY P.L.1-2005,
32 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2024]: Sec. 3. (a) Before a library board may collect or
34 **receive** property taxes for a capital projects fund in a particular year,
35 the ~~library board~~ **governing authority** must, after January 1 and before
36 May 15 of the immediately preceding year, hold a public hearing on a
37 proposed plan **and** pass a resolution to adopt a plan. ~~and~~

38 **(b) In the case of a governing authority defined under section**
39 **1.5(1) of this chapter, submit the plan must be submitted** for
40 approval or rejection by the fiscal body designated in section 4 of this
41 chapter.

42 ~~(b)~~ **(c)** The department of local government finance shall prescribe



1 the format of the plan. A plan must apply to at least the three (3) years
 2 immediately following the year the plan is adopted. A plan must
 3 estimate for each year to which the plan applies the nature and amount
 4 of proposed expenditures from the capital projects fund. A plan must
 5 estimate:

- 6 (1) the source of all revenue to be dedicated to the proposed
- 7 expenditures in the upcoming budget year; and
- 8 (2) the amount of property taxes to be collected in that year and
- 9 retained in the fund for expenditures proposed for a later year.

10 ~~(c)~~ **(d)** If a hearing is scheduled under subsection (a), the governing
 11 ~~body~~ **authority** shall publish the proposed plan and a notice of the
 12 hearing in accordance with IC 5-3-1-2(b).

13 SECTION 30. IC 36-12-12-4, AS ADDED BY P.L.1-2005,
 14 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2024]: Sec. 4. **(a) This section applies to a governing**
 16 **authority defined under section 1.5(1) of this chapter.**

17 ~~(a)~~ **(b)** If the ~~library board~~ **governing authority** passes a resolution
 18 under section 3 of this chapter, not later than ten (10) days after passing
 19 the resolution the board shall transmit a certified copy of the plan to the
 20 appropriate fiscal body or fiscal bodies, whichever applies. The
 21 appropriate fiscal body is determined as follows:

- 22 (1) If the library district is located entirely within the corporate
- 23 boundaries of a municipality, the appropriate fiscal body is the
- 24 fiscal body of the municipality.
- 25 (2) If the library district is not described by subdivision (1) and
- 26 the district is located entirely within the boundaries of a township,
- 27 the appropriate fiscal body is the fiscal body of the township.
- 28 (3) If the library district is not described by subdivision (1) or (2),
- 29 the appropriate fiscal body is the fiscal body of each county in
- 30 which the library district is located.

31 ~~(b)~~ **(c)** The appropriate fiscal body shall hold a public hearing on the
 32 plan not later than thirty (30) days after receiving a certified copy of the
 33 plan and either reject or approve the plan before August 1 of the year
 34 that the plan is received.

35 SECTION 31. IC 36-12-12-5, AS AMENDED BY P.L.137-2012,
 36 SECTION 124, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2024]: Sec. 5. (a) If the ~~library board~~ **governing**
 38 **authority** passes a resolution under section 3 of this chapter and, **in the**
 39 **case of a governing authority defined under section 1.5(1) of this**
 40 **chapter**, the appropriate fiscal body or bodies approve the plan, the
 41 ~~library board~~ **governing authority** shall publish notice of adoption in
 42 accordance with IC 5-3-1-2(i).



1 (b) Ten (10) or more taxpayers who will be affected by the adopted
 2 plan may file a petition with the county auditor of a county in which the
 3 library district is located not later than ten (10) days after the
 4 publication of the notice of adoption required by subsection (a), setting
 5 forth the taxpayers' objections to the proposed plan. The county auditor
 6 shall immediately certify the petition to the department of local
 7 government finance.

8 SECTION 32. IC 36-12-12-6, AS ADDED BY P.L.1-2005,
 9 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2024]: Sec. 6. The department of local government finance
 11 shall, within a reasonable time, fix a date for a hearing on the petition
 12 filed under section 5(b) of this chapter. The hearing shall be held in a
 13 county in which the library district is located. The department of local
 14 government finance shall notify:

15 (1) the library board; ~~and~~

16 **(2) the governing authority; and**

17 ~~(2) (3)~~ **(3) the first ten (10) taxpayers** whose names appear on the
 18 petition;

19 at least five (5) days before the date fixed for the hearing.

20 SECTION 33. IC 36-12-12-7, AS ADDED BY P.L.1-2005,
 21 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2024]: Sec. 7. (a) After a hearing upon the petition under
 23 section 6 of this chapter, the department of local government finance
 24 shall certify the department's approval, disapproval, or modification of
 25 the plan to the ~~library board~~ **governing authority** and the auditor of the
 26 county.

27 (b) A:

28 (1) taxpayer who signed a petition filed under section 5 of this
 29 chapter; or

30 (2) library district against which a petition under section 5 of this
 31 chapter is filed;

32 may petition for judicial review of the final determination of the
 33 department of local government finance under subsection (a). The
 34 petition must be filed in the tax court not more than forty-five (45) days
 35 after the department certifies the department's action under subsection
 36 (a).

37 SECTION 34. IC 36-12-12-9, AS ADDED BY P.L.1-2005,
 38 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2024]: Sec. 9. (a) A ~~library board~~ **governing authority** may
 40 amend an adopted and approved plan to:

41 (1) provide money for the purposes described in section 2(b)(4)
 42 of this chapter; or



- 1 (2) supplement money accumulated in the capital projects fund
2 for those purposes.
- 3 (b) If an emergency arises that results in costs that exceed the
4 amount accumulated in the fund for the purposes described in section
5 2(b)(4) of this chapter, the **library board governing authority** must
6 immediately apply to the department of local government finance for
7 a determination that an emergency exists. If the department of local
8 government finance determines that an emergency exists, the **library**
9 **board governing authority** may adopt a resolution to amend the plan.
10 The amendment is not subject to the deadline and the procedures for
11 adoption described in section 3 of this chapter. However, the
12 amendment is subject to modification by the department of local
13 government finance.
- 14 (c) An amendment adopted under this section may require the
15 payment of eligible emergency costs from:
- 16 (1) money accumulated in the capital projects fund for other
17 purposes; or
18 (2) money to be borrowed from other funds of the library board or
19 from a financial institution.
- 20 The amendment may also provide for an increase in the property tax
21 rate for the capital projects fund to restore money to the fund or to pay
22 principal and interest on a loan. However, before the property tax rate
23 for the fund may be increased, ~~the library board a governing authority~~
24 **defined under section 1.5(1) of this chapter** must submit and obtain
25 the approval of the appropriate fiscal body or bodies, as provided in
26 section 4 of this chapter. An increase to the property tax rate for the
27 capital projects fund is effective for property taxes first due and
28 payable for the year next certified by the department of local
29 government finance under IC 6-1.1-17-16. However, the property tax
30 rate may not exceed the maximum rate established under section 10 of
31 this chapter.
- 32 SECTION 35. IC 36-12-12-10, AS ADDED BY P.L.1-2005,
33 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2024]: Sec. 10. To provide for the capital projects fund, the
35 **library board governing authority** may, for each year in which a plan
36 adopted under section 3 of this chapter is in effect, impose a property
37 tax rate that does not exceed one and sixty-seven hundredths cents
38 (\$0.0167) on each one hundred dollars (\$100) of assessed valuation of
39 the library district. This rate must be advertised in the same manner as
40 other property tax rates.
- 41 SECTION 36. IC 36-12-16 IS ADDED TO THE INDIANA CODE
42 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2024];
 2 **Chapter 16. Core Public Functions of a Public Library**
 3 **Sec. 1. As used in this chapter, "collection materials" refers to**
 4 **printed and digital materials, recordings, publications, magazines,**
 5 **periodicals, CDs, DVDs, and similar items.**
 6 **Sec. 2. As used in this chapter, "core public function" means the**
 7 **functions of a public library to provide:**
 8 **(1) public access to collection materials, public information,**
 9 **and research resources through a variety of media, including**
 10 **electronic means;**
 11 **(2) quiet areas for study;**
 12 **(3) technical assistance; and**
 13 **(4) acquisition services;**
 14 **to meet the needs of members of the public. The term does not**
 15 **include the production of theatrical plays or performances, or**
 16 **other recreational events that are not essential to a core public**
 17 **function of the library.**
 18 **Sec. 3. Beginning after December 31, 2024, public libraries are**
 19 **prohibited from providing functions or services that are not a core**
 20 **public function, unless the specific function or service is:**
 21 **(1) included as a line item request in the public library's**
 22 **budget proposal submitted under IC 36-12-3-12.1; and**
 23 **(2) approved and funded by the county or municipality to**
 24 **which the budget proposal is submitted.**

