

## SENATE BILL No. 70

---

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-34-1; IC 20-18-2-1.5; IC 20-26-11-13; IC 20-45.

**Synopsis:** Elimination of supplemental county levies. Provides that the supplemental county property tax levy in: (1) Lake County that is distributed to school corporations in Lake County; (2) Dearborn County that is distributed to school corporations in Dearborn County; and (3) Ripley County that is distributed to a school corporation located in both Ripley County and Dearborn County; expire January 1, 2022. Provides that after 2021, a school corporation in Lake County may impose a property tax levy for the school corporation's operations fund equal to the school corporation's distribution from the supplemental county property tax levy in Lake County in 2021. Provides that after 2021, a school corporation in Dearborn County (including a school corporation located in Dearborn County that also extends into Ripley County) may impose a property tax levy for the school corporation's operations fund equal to the school corporation's distribution from the supplemental county property tax levy in Dearborn County in 2021. Provides that the department of local government finance shall: (1) decrease the Lake County government's maximum permissible ad valorem property tax levy in 2022 by the amount of the property tax levy distributed to school corporations in Lake County in 2021; (2) decrease the Dearborn County government's maximum permissible ad valorem property tax levy in 2022 by the amount of the property tax levy distributed to school corporations in Dearborn County in 2021; and (3) decrease the Ripley County government's maximum permissible ad valorem property tax levy in 2022 by the amount of the property tax levy distributed to school corporations in Ripley County in 2021.

**Effective:** July 1, 2021.

---

---

**Niemeyer**

---

---

January 4, 2021, read first time and referred to Committee on Tax and Fiscal Policy.

---

---



First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

## SENATE BILL No. 70

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

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

- 1 SECTION 1. IC 6-1.1-34-1, AS AMENDED BY P.L.86-2018,  
2 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2021]: Sec. 1. In the year after a reassessment cycle of real  
4 property under a county's reassessment plan prepared under  
5 IC 6-1.1-4-4.2 is completed the department of local government  
6 finance shall compute a new assessment ratio for each school  
7 corporation located in a county in which a supplemental county levy is  
8 imposed under IC 20-45-7 (**before its expiration on January 1, 2022**)  
9 or IC 20-45-8 (**before its expiration on January 1, 2022**). In all other  
10 years, the department shall compute a new assessment ratio for such a  
11 school corporation if the department finds that there has been sufficient  
12 reassessment or adjustment of one (1) or more classes of property in  
13 the school district. When the department of local government finance  
14 computes a new assessment ratio for a school corporation, the  
15 department shall publish the new ratio.  
16 SECTION 2. IC 20-18-2-1.5, AS ADDED BY P.L.2-2006,  
17 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2021]: Sec. 1.5. (a) "ADA", for purposes of this title (except IC 20-23-4-19 and IC 20-45-7 **(before its expiration on January 1, 2022))**, means the average number of pupils in daily attendance in the school corporation, determined in accordance with the rules established by the state board.

(b) "ADA", for purposes of IC 20-23-4-19, has the meaning set forth in IC 20-23-4-19.

(c) "ADA", for purposes of IC 20-45-7 **(before its expiration on January 1, 2022)**, has the meaning set forth in IC 20-45-7-3 **(before its expiration on January 1, 2022)**.

SECTION 3. IC 20-26-11-13, AS AMENDED BY P.L.140-2018, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, career and technical education, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the



same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's current ADM, allocate to the transfer student a proportionate share of the following education fund revenues of the transferee school:

(A) State tuition support distributions received during the calendar year in which the school year ends.

(B) Property tax levies under:

(i) IC 20-45-7 (**before its expiration on January 1, 2022**);

and

(ii) IC 20-45-8 (**before its expiration on January 1, 2022**);

(iii) IC 20-45-9; and

(iv) IC 20-45-10;

for the calendar year in which the school year ends.

(C) The sum of the following excise tax revenue received for deposit in the calendar year in which the school year begins:

(i) Financial institution excise tax revenue (IC 6-5.5).

(ii) Vehicle excise taxes (IC 6-6-5).

(iii) Commercial vehicle excise taxes (IC 6-6-5.5).

(iv) Boat excise tax (IC 6-6-11).

(v) Aircraft license excise tax (IC 6-6-6.5).

(D) Allocations to the transferee school under IC 6-3.6.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana by or with the approval of the department of child services, the institution or facility shall charge the department of child services for the use of the space within the institution or facility (commonly called capital costs) that is



used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its education fund and operations fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure that is made from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
  - (A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by
  - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

- (1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by
- (2) the student enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be



transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

- (1) the total amount of revenues received during a period; by
- (2) the current ADM of the transferee school for the period in which the revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total current ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive during the period by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

- (1) be entered into for a period of not more than five (5) years with an option to renew;
- (2) specify a maximum number of students to be transferred; and
- (3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) A school corporation may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

- (1) be for one (1) year or longer; and
- (2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

SECTION 4. IC 20-45-7-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]: **Sec. 31. This chapter expires January 1, 2022.**



SECTION 5. IC 20-45-8-29 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]: **Sec. 29. This chapter expires January 1, 2022.**

SECTION 6. IC 20-45-9 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]:

**Chapter 9. Lake County School Corporations**

**Sec. 1.** This chapter applies to qualified school corporations for years beginning after December 31, 2021.

**Sec. 2.** As used in this chapter, "qualified school corporation" means a school corporation that has under its jurisdiction any territory located in Lake County.

**Sec. 3.** A qualified school corporation's property tax levy under this chapter for a calendar year is a property tax levy for the qualified school corporation's operations fund equal to the amount of the distribution that the qualified school corporation received in 2021 under IC 20-45-7 (before its expiration on January 1, 2022).

**Sec. 4.** Each calendar year, the governing body of a qualified school corporation may impose the property tax rate on each one hundred dollars (\$100) of assessed valuation of the qualified school corporation that is necessary to generate the qualified school corporation's property tax levy for the calendar year. The property tax levy under this chapter is not part of the maximum permissible ad valorem property tax levy for the qualified school corporation's operations fund.

**Sec. 5.** Property tax revenue received under this chapter shall be credited by each qualified school corporation to its operations fund. The budgets of each qualified school corporation must reflect the anticipated receipts from the qualified school corporation's property tax levy under this chapter. Appropriations shall be made from the operations fund by the qualified school corporations as other appropriations are made either in the annual budgets or by additional appropriations.

SECTION 7. IC 20-45-10 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]:

**Chapter 10. Dearborn County School Corporations**

**Sec. 1.** This chapter applies to qualified school corporations for years beginning after December 31, 2021.

**Sec. 2.** As used in this chapter, "qualified school corporation" means a school corporation that has under its jurisdiction any territory located in Dearborn County.



1       **Sec. 3.** A qualified school corporation's property tax levy under  
 2 this chapter for a calendar year is a property tax levy for the  
 3 qualified school corporation's operations fund equal to the amount  
 4 of the distribution that the qualified school corporation received in  
 5 2021 under IC 20-45-8 (before its expiration on January 1, 2022).

6       **Sec. 4.** Each calendar year, the governing body of a qualified  
 7 school corporation may impose the property tax rate on each one  
 8 hundred dollars (\$100) of assessed valuation of the qualified school  
 9 corporation that is necessary to generate the qualified school  
 10 corporation's property tax levy for the calendar year. The property  
 11 tax levy under this chapter is not part of the maximum permissible  
 12 ad valorem property tax levy for the qualified school corporation's  
 13 operations fund.

14       **Sec. 5.** Property tax revenue received under this chapter shall be  
 15 credited by each qualified school corporation to its operations  
 16 fund. The budgets of each qualified school corporation must reflect  
 17 the anticipated receipts from the qualified school corporation's  
 18 property tax levy under this chapter. Appropriations shall be made  
 19 from the operations fund by the qualified school corporations as  
 20 other appropriations are made either in the annual budgets or by  
 21 additional appropriations.

22       **SECTION 8.** [EFFECTIVE JULY 1, 2021] (a) As used in this  
 23 SECTION, "qualified school corporation" has the meaning set  
 24 forth in IC 20-45-7-14 (before its expiration on January 1, 2022).

25       (b) The department of local government finance shall decrease  
 26 the maximum permissible ad valorem property tax levy of the  
 27 county government of Lake County for 2022 by an amount equal  
 28 to the part of the county's property tax levy distributed to qualified  
 29 school corporations in 2021 under IC 20-45-7 (before its expiration  
 30 on January 1, 2022).

31       (c) This SECTION expires July 1, 2023.

32       **SECTION 9.** [EFFECTIVE JULY 1, 2021] (a) As used in this  
 33 SECTION, "qualified school corporation" has the meaning set  
 34 forth in IC 20-45-8-10 (before its expiration on January 1, 2022).

35       (b) The department of local government finance shall decrease  
 36 the maximum permissible ad valorem property tax levy of the  
 37 county government of Dearborn County for 2022 by an amount  
 38 equal to the part of the county's property tax levy distributed to  
 39 qualified school corporations in 2021 under IC 20-45-8 (before its  
 40 expiration on January 1, 2022).

41       (c) The department of local government finance shall decrease  
 42 the maximum permissible ad valorem property tax levy of the





1     **county government of Ripley County for 2022 by an amount equal**  
2     **to the part of the county's property tax levy distributed to qualified**  
3     **school corporations in 2021 under IC 20-45-8 (before its expiration**  
4     **on January 1, 2022).**

5         **(d) This SECTION expires July 1, 2023.**

