



February 21, 2014

ENGROSSED
SENATE BILL No. 106

DIGEST OF SB 106 (Updated February 18, 2014 11:59 am - DI 92)

Citations Affected: IC 5-14; IC 6-1.1.

Synopsis: Local government transparency. Requires the department of local government finance (DLGF) to develop indicators of fiscal health for school corporations and other political subdivisions. Requires the DLGF to present information for evaluating the fiscal health of political subdivisions on the Indiana transparency Internet web site through conveniently and easily accessed dashboards.
(Continued next page)

Effective: Upon passage.

**Charbonneau, Hershman, Rogers,
Boots, Eckerty**

(HOUSE SPONSORS — NEGELE, MAHAN, HALE, TURNER)

January 8, 2014, read first time and referred to Committee on Appropriations.
January 23, 2014, amended, reported favorably — Do Pass.
January 27, 2014, read second time, ordered engrossed.
January 28, 2014, engrossed. Read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 4, 2014, read first time and referred to Committee on Ways and Means.
February 20, 2014, amended, reported — Do Pass.

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Digest Continued

Prohibits the department of local government finance and other state agencies from using the fiscal health indicators to do either of the following: (1) Assign a school corporation or political subdivision a letter grade, a score, or any other symbol that may be used as an assessment of the fiscal health of the school corporation or political subdivision. (2) Rank the fiscal health of a school corporation or political subdivision in comparison to other school corporations or political subdivisions. Allows political subdivisions to request technical assistance from the distressed unit appeals board (DUAB) beginning in 2015. Requires the office of management and budget (OMB) to evaluate whether the DUAB requires additional powers and resources to provide technical assistance. Requires OMB to also evaluate the organizational structure, board composition, and number of board members of the DUAB. Allows the OMB to recommend any legislation necessary to provide those additional powers and resources to the DUAB.



February 21, 2014

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

ENGROSSED SENATE BILL No. 106

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

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

1 SECTION 1. IC 5-14-3.7-2.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. As used in this chapter,**
4 **"school corporation" has the meaning set forth in IC 36-1-2-17.**
5 SECTION 2. IC 5-14-3.7-3, AS ADDED BY P.L.172-2011,
6 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]: Sec. 3. (a) The department, working with the office
8 of technology established by IC 4-13.1-2-1 or another organization that
9 is part of a state educational institution, the state board of accounts
10 established by IC 5-11-1-1, the department of local government finance
11 established under IC 6-1.1-30-1.1, and the office of management and
12 budget established by IC 4-3-22-3, shall post on the Indiana
13 transparency Internet web site a data base that lists expenditures and
14 fund balances, including expenditures for contracts, grants, and leases,
15 for public schools. The web site must be electronically searchable by
16 the public.

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- 1 (b) The data base must include for public schools:
 2 (1) the amount, date, payer, and payee of expenditures;
 3 (2) a listing of expenditures by:
 4 (A) personal services;
 5 (B) other operating expenses; or
 6 (C) total operating expenses;
 7 (3) a listing of fund balances;
 8 (4) a listing of real and personal property owned by the public
 9 school; ~~and~~
 10 (5) the report required under IC 6-1.1-33.5-7; **and**
 11 **(6) information for evaluating the fiscal health of each school**
 12 **corporation in the format required by section 16(b) of this**
 13 **chapter.**
 14 SECTION 3. IC 5-14-3.7-16 IS ADDED TO THE INDIANA CODE
 15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 16 UPON PASSAGE]: **Sec. 16. (a) The department of local government**
 17 **finance shall develop indicators of fiscal health for evaluating the**
 18 **fiscal health of a school corporation. The department of local**
 19 **government finance may consider including any of the following in**
 20 **the indicators developed under this subsection:**
 21 (1) **The cash balance of a school corporation.**
 22 (2) **The debt to revenue ratio of a school corporation.**
 23 (3) **The condition of a school corporation's property tax base**
 24 **as measured by both the assessed value of the school**
 25 **corporation and the amount of per capita revenue generated**
 26 **from the school corporation's tax base.**
 27 (4) **The per capita amount of a school corporation's general**
 28 **fund operating revenue.**
 29 (5) **Any trends in the amount of a school corporation's tax**
 30 **revenue.**
 31 (6) **Whether a school corporation maintains a structural**
 32 **deficit or a structural surplus.**
 33 (7) **The extent that the school corporation is affected by tax**
 34 **increment financing districts.**
 35 (8) **The extent that the school corporation's property tax base**
 36 **is affected by exempt properties.**
 37 (9) **The school corporation's bond rating.**
 38 (10) **The amount of retiree benefits paid by the school**
 39 **corporation.**
 40 (11) **The amount of pension contributions paid on behalf of**
 41 **the school corporation's employees.**
 42 (12) **Any other factor that the department of local government**



- 1 **finance considers relevant to evaluating the fiscal health of a**
 2 **school corporation.**
- 3 **(b) The department of local government finance shall use the**
 4 **indicators developed under subsection (a) and the associated fiscal**
 5 **data to present the information for evaluating the fiscal health of**
 6 **each school corporation on the Indiana transparency Internet web**
 7 **site. The information must be presented in a manner that:**
- 8 **(1) can be conveniently and easily accessed from a single web**
 9 **page; and**
- 10 **(2) is commonly known as an Internet dashboard.**
- 11 **The information must be available on the Indiana transparency**
 12 **Internet web site in the format required by this subsection before**
 13 **July 1, 2015.**
- 14 **(c) Neither the department of local government finance nor any**
 15 **other state agency may use the fiscal health indicators developed**
 16 **under this section to do either of the following:**
- 17 **(1) Assign a school corporation a letter grade, a score, or any**
 18 **other symbol that may be used as an assessment of the school**
 19 **corporation's fiscal health.**
- 20 **(2) Rank the fiscal health of a school corporation in**
 21 **comparison to other school corporations.**
- 22 SECTION 4. IC 5-14-3.8-3, AS AMENDED BY P.L.229-2013,
 23 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 UPON PASSAGE]: Sec. 3. The department, working with the office of
 25 technology established by IC 4-13.1-2-1, or another organization that
 26 is part of a state educational institution, the office of management and
 27 budget established by IC 4-3-22-3, and the state board of accounts
 28 established by IC 5-11-1-1, shall post on the Indiana transparency
 29 Internet web site the following:
- 30 (1) The financial reports required by IC 5-11-1-4.
 31 (2) The report on expenditures per capita prepared under
 32 IC 6-1.1-33.5-7.
 33 (3) A listing of the property tax rates certified by the department.
 34 (4) An index of audit reports prepared by the state board of
 35 accounts.
 36 (5) Local development agreement reports prepared under
 37 IC 4-33-23-10 and IC 4-33-23-17.
 38 **(6) Information for evaluating the fiscal health of a political**
 39 **subdivision in the format required by section 8(b) of this**
 40 **chapter.**
 41 ~~(6)~~ (7) Any other financial information deemed appropriate by the
 42 department.



1 SECTION 5. IC 5-14-3.8-8 IS ADDED TO THE INDIANA CODE
 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 3 UPON PASSAGE]: **Sec. 8. (a) The department shall develop**
 4 **indicators of fiscal health for evaluating the fiscal health of a**
 5 **political subdivision. The department may consider including any**
 6 **of the following in the indicators developed under this subsection:**

- 7 (1) The cash balance of a political subdivision.
- 8 (2) The debt to revenue ratio of a political subdivision.
- 9 (3) The condition of a political subdivision's property tax base
 10 and income tax base, if any, as measured by both the assessed
 11 value of the political subdivision and the amount of per capita
 12 revenue generated from the political subdivision's tax bases.
- 13 (4) The per capita amount of a political subdivision's general
 14 fund operating revenue.
- 15 (5) Any trends in the amount of a political subdivision's tax
 16 revenue.
- 17 (6) Whether a political subdivision maintains a structural
 18 deficit or a structural surplus.
- 19 (7) The number and size of the tax increment financing
 20 districts designated by a redevelopment commission
 21 established by the political subdivision, if any.
- 22 (8) The extent that the political subdivision is affected by tax
 23 increment financing districts.
- 24 (9) The extent that the political subdivision's property tax
 25 base is affected by exempt properties.
- 26 (10) The political subdivision's bond rating.
- 27 (11) The amount of retiree benefits paid by the political
 28 subdivision.
- 29 (12) The amount of pension contributions paid on behalf of
 30 the political subdivision's employees.
- 31 (13) Any other factor that the department considers relevant
 32 to evaluating the fiscal health of a political subdivision.

33 (b) The department shall use the indicators developed under
 34 subsection (a) and the associated fiscal data to present the
 35 information for evaluating the fiscal health of a political
 36 subdivision on the Indiana transparency Internet web site. The
 37 information must be presented in a manner that:

- 38 (1) can be conveniently and easily accessed from a single web
 39 page; and
- 40 (2) is commonly known as an Internet dashboard.

41 The information must be available on the Indiana transparency
 42 Internet web site in the format required by this subsection before



1 **July 1, 2015.**

2 (c) Neither the department of local government finance nor any
3 other state agency may use the fiscal health indicators developed
4 under this section to do either of the following:

5 (1) Assign a political subdivision a letter grade, a score, or any
6 other symbol that may be used as an assessment of the
7 political subdivision's fiscal health.

8 (2) Rank the fiscal health of a political subdivision in
9 comparison to other political subdivisions.

10 SECTION 6. IC 6-1.1-20.3-14 IS ADDED TO THE INDIANA
11 CODE AS A NEW SECTION TO READ AS FOLLOWS
12 [EFFECTIVE UPON PASSAGE]: **Sec. 14. (a) The office of
13 management and budget shall:**

14 (1) review the board's organizational structure, the board's
15 composition, the number of board members, and the staffing,
16 policies, procedures, and capabilities of the board; and

17 (2) determine whether the board requires any additional
18 powers or resources to carry out section 15 of this chapter.

19 (b) The office of management and budget may:

20 (1) recommend any legislation necessary to provide the board
21 with sufficient powers and resources to carry out section 15 of
22 this chapter; and

23 (2) submit the recommended legislation to the general
24 assembly for consideration in the 2015 legislative session.

25 The office of management and budget shall submit the
26 recommended legislation under subdivision (2) in an electronic
27 format under IC 5-14-6.

28 SECTION 7. IC 6-1.1-20.3-15 IS ADDED TO THE INDIANA
29 CODE AS A NEW SECTION TO READ AS FOLLOWS
30 [EFFECTIVE UPON PASSAGE]: **Sec. 15. (a) After June 30, 2015,
31 the executive of a political subdivision may request technical
32 assistance from the board in helping prevent the political
33 subdivision from becoming a distressed political subdivision. The
34 board, by using the health fiscal indicators developed under
35 IC 5-14-3.7-16 or IC 5-14-3.8-8, shall determine whether to provide
36 assistance to the political subdivision.**

37 (b) The board may do any of the following for a political
38 subdivision that receives assistance under subsection (a):

39 (1) Provide information and technical assistance with respect
40 to the data management, accounting, or other aspects of the
41 fiscal management of the political subdivision.

42 (2) Assist the political subdivision in obtaining assistance from



1 **state agencies and other resources.**
2 **SECTION 8. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 106, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 4, line 19, after "the" insert "**board's organizational structure, the board's composition, the number of board members, and the**".

Page 4, delete lines 35 through 39 and insert "**the executive of a political subdivision may request technical assistance from the board in helping prevent the political subdivision from becoming a distressed political subdivision. The board, by using the health fiscal indicators developed under IC 5-14-3.7-16 or IC 5-14-3.8-8, shall determine whether to provide assistance to the political subdivision.**".

Page 4, line 41, delete "requests" and insert "receives".

and when so amended that said bill do pass.

(Reference is to SB 106 as introduced.)

MISHLER, Chairperson

Committee Vote: Yeas 12, Nays 0.

 COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 106, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 32 and 33, begin a new line block indented and insert:

"(7) The extent that the school corporation is affected by tax increment financing districts.

(8) The extent that the school corporation's property tax base is affected by exempt properties.

(9) The school corporation's bond rating.

(10) The amount of retiree benefits paid by the school corporation.

(11) The amount of pension contributions paid on behalf of the school corporation's employees."

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Page 2, line 33, delete "(7)" and insert "(12)".

Page 3, line 4, delete "January" and insert "July".

Page 3, between lines 4 and 5, begin a new paragraph and insert:

"(c) Neither the department of local government finance nor any other state agency may use the fiscal health indicators developed under this section to do either of the following:

(1) Assign a school corporation a letter grade, a score, or any other symbol that may be used as an assessment of the school corporation's fiscal health.

(2) Rank the fiscal health of a school corporation in comparison to other school corporations."

Page 4, between lines 1 and 2, begin a new line block indented and insert:

"(7) The number and size of the tax increment financing districts designated by a redevelopment commission established by the political subdivision, if any.

(8) The extent that the political subdivision is affected by tax increment financing districts.

(9) The extent that the political subdivision's property tax base is affected by exempt properties.

(10) The political subdivision's bond rating.

(11) The amount of retiree benefits paid by the political subdivision.

(12) The amount of pension contributions paid on behalf of the political subdivision's employees."

Page 4, line 2, delete "(7)" and insert "(13)".

Page 4, line 14, delete "January" and insert "July".

Page 4, between lines 14 and 15, begin a new paragraph and insert:

"(c) Neither the department of local government finance nor any other state agency may use the fiscal health indicators developed under this section to do either of the following:

(1) Assign a political subdivision a letter grade, a score, or any other symbol that may be used as an assessment of the political subdivision's fiscal health.

(2) Rank the fiscal health of a political subdivision in comparison to other political subdivisions."

and when so amended that said bill do pass.

(Reference is to SB 106 as printed January 24, 2014.)

BROWN T, Chair

Committee Vote: yeas 16, nays 0.

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