



Reprinted  
February 25, 2014

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## ENGROSSED SENATE BILL No. 106

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DIGEST OF SB 106 (Updated February 24, 2014 5:25 pm - DI 113)

**Citations Affected:** IC 4-9.1; IC 5-14; IC 6-1.1.

**Synopsis:** Local government transparency. Requires the state board of finance to post a narrative description of all approved transfers of money, and the reason for each transfer, on the Indiana transparency Internet web site. 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. 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  
(Continued next page)

**Effective:** Upon passage; July 1, 2014.

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### Charbonneau, Hershman, Rogers, Boots, Eckerty

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

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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.  
February 24, 2014, read second time, amended, ordered engrossed.

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ES 106—LS 6393/DI 92



Digest Continued

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.



Reprinted  
February 25, 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

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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 4-9.1-1-7, AS AMENDED BY P.L.205-2013,  
2 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2014]: Sec. 7. (a) The board may transfer money between  
4 state funds, and the board may transfer money between appropriations  
5 for any board, department, commission, office, or benevolent or penal  
6 institution of the state. After the transfer is made, the money of the fund  
7 or appropriation transferred is not available to the fund or the board,  
8 department, commission, office, or benevolent or penal institution from  
9 which it was transferred.  
10 (b) In addition to a transfer under subsection (a), the board may  
11 transfer money from an appropriation for any board, department,  
12 commission, office, or benevolent or penal institution of the state to the  
13 Indiana economic development corporation.  
14 (c) An order by the board to make a transfer under this section is  
15 sufficient authority for the making of appropriate entries showing the  
16 transfer on the books of the auditor of state and treasurer of state.

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1 (d) The authority given the board under this section to make  
 2 transfers does not apply to trust funds. For the purposes of this section,  
 3 "trust fund" means a fund which by the constitution or by statute has  
 4 been designated as a trust fund or a fund which has been determined by  
 5 the board to be a trust fund.

6 (e) Whenever the board takes action to transfer money out of a  
 7 dedicated fund that is attributable to fees credited to the fund, the  
 8 budget agency shall notify the budget committee within thirty (30) days  
 9 and state the reason for the transfer.

10 **(f) Within thirty (30) days after approving a transfer, the board**  
 11 **shall post on the Indiana transparency Internet web site:**

12 **(1) a narrative description of each approved transfer under**  
 13 **this section; and**

14 **(2) the reason for the transfer.**

15 SECTION 2. IC 5-14-3.7-2.5 IS ADDED TO THE INDIANA  
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 17 [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. As used in this chapter,**  
 18 **"school corporation" has the meaning set forth in IC 36-1-2-17.**

19 SECTION 3. IC 5-14-3.7-3, AS ADDED BY P.L.172-2011,  
 20 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 UPON PASSAGE]: Sec. 3. (a) The department, working with the office  
 22 of technology established by IC 4-13.1-2-1 or another organization that  
 23 is part of a state educational institution, the state board of accounts  
 24 established by IC 5-11-1-1, the department of local government finance  
 25 established under IC 6-1.1-30-1.1, and the office of management and  
 26 budget established by IC 4-3-22-3, shall post on the Indiana  
 27 transparency Internet web site a data base that lists expenditures and  
 28 fund balances, including expenditures for contracts, grants, and leases,  
 29 for public schools. The web site must be electronically searchable by  
 30 the public.

31 (b) The data base must include for public schools:

32 (1) the amount, date, payer, and payee of expenditures;

33 (2) a listing of expenditures by:

34 (A) personal services;

35 (B) other operating expenses; or

36 (C) total operating expenses;

37 (3) a listing of fund balances;

38 (4) a listing of real and personal property owned by the public  
 39 school; **and**

40 (5) the report required under IC 6-1.1-33.5-7; **and**

41 **(6) information for evaluating the fiscal health of each school**  
 42 **corporation in the format required by section 16(b) of this**



1           **chapter.**

2           SECTION 4. IC 5-14-3.7-16 IS ADDED TO THE INDIANA CODE  
3 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE  
4 UPON PASSAGE]: **Sec. 16. (a) The department of local government**  
5 **finance shall develop indicators of fiscal health for evaluating the**  
6 **fiscal health of a school corporation. The department of local**  
7 **government finance may consider including any of the following in**  
8 **the indicators developed under this subsection:**

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

33          **(b) The department of local government finance shall use the**  
34 **indicators developed under subsection (a) and the associated fiscal**  
35 **data to present the information for evaluating the fiscal health of**  
36 **each school corporation on the Indiana transparency Internet web**  
37 **site. The 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 school corporation a letter grade, a score, or any**  
 6 **other symbol that may be used as an assessment of the school**  
 7 **corporation's fiscal health.**

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

10 SECTION 5. IC 5-14-3.8-3, AS AMENDED BY P.L.229-2013,  
 11 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 UPON PASSAGE]: Sec. 3. The department, working with the office of  
 13 technology established by IC 4-13.1-2-1, or another organization that  
 14 is part of a state educational institution, the office of management and  
 15 budget established by IC 4-3-22-3, and the state board of accounts  
 16 established by IC 5-11-1-1, shall post on the Indiana transparency  
 17 Internet web site the following:

18 (1) The financial reports required by IC 5-11-1-4.

19 (2) The report on expenditures per capita prepared under  
 20 IC 6-1.1-33.5-7.

21 (3) A listing of the property tax rates certified by the department.

22 (4) An index of audit reports prepared by the state board of  
 23 accounts.

24 (5) Local development agreement reports prepared under  
 25 IC 4-33-23-10 and IC 4-33-23-17.

26 **(6) Information for evaluating the fiscal health of a political**  
 27 **subdivision in the format required by section 8(b) of this**  
 28 **chapter.**

29 ~~(6)~~ (7) Any other financial information deemed appropriate by the  
 30 department.

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

37 **(1) The cash balance of a political subdivision.**

38 **(2) The debt to revenue ratio of a political subdivision.**

39 **(3) The condition of a political subdivision's property tax base**  
 40 **and income tax base, if any, as measured by both the assessed**  
 41 **value of the political subdivision and the amount of per capita**  
 42 **revenue generated from the political subdivision's tax bases.**



- 1           **(4) The per capita amount of a political subdivision's general**  
 2           **fund operating revenue.**  
 3           **(5) Any trends in the amount of a political subdivision's tax**  
 4           **revenue.**  
 5           **(6) Whether a political subdivision maintains a structural**  
 6           **deficit or a structural surplus.**  
 7           **(7) The number and size of the tax increment financing**  
 8           **districts designated by a redevelopment commission**  
 9           **established by the political subdivision, if any.**  
 10          **(8) The extent that the political subdivision is affected by tax**  
 11          **increment financing districts.**  
 12          **(9) The extent that the political subdivision's property tax**  
 13          **base is affected by exempt properties.**  
 14          **(10) The political subdivision's bond rating.**  
 15          **(11) The amount of retiree benefits paid by the political**  
 16          **subdivision.**  
 17          **(12) The amount of pension contributions paid on behalf of**  
 18          **the political subdivision's employees.**  
 19          **(13) Any other factor that the department considers relevant**  
 20          **to evaluating the fiscal health of a political subdivision.**  
 21          **(b) The department shall use the indicators developed under**  
 22          **subsection (a) and the associated fiscal data to present the**  
 23          **information for evaluating the fiscal health of a political**  
 24          **subdivision on the Indiana transparency Internet web site. The**  
 25          **information must be presented in a manner that:**  
 26                  **(1) can be conveniently and easily accessed from a single web**  
 27                  **page; and**  
 28                  **(2) is commonly known as an Internet dashboard.**  
 29          **The information must be available on the Indiana transparency**  
 30          **Internet web site in the format required by this subsection before**  
 31          **July 1, 2015.**  
 32          **(c) Neither the department of local government finance nor any**  
 33          **other state agency may use the fiscal health indicators developed**  
 34          **under this section to do either of the following:**  
 35                  **(1) Assign a political subdivision a letter grade, a score, or any**  
 36                  **other symbol that may be used as an assessment of the**  
 37                  **political subdivision's fiscal health.**  
 38                  **(2) Rank the fiscal health of a political subdivision in**  
 39                  **comparison to other political subdivisions.**  
 40          **SECTION 7. IC 6-1.1-20.3-14 IS ADDED TO THE INDIANA**  
 41          **CODE AS A NEW SECTION TO READ AS FOLLOWS**  
 42          **[EFFECTIVE UPON PASSAGE]: Sec. 14. (a) The office of**



- 1 **management and budget shall:**
- 2 **(1) review the board's organizational structure, the board's**
- 3 **composition, the number of board members, and the staffing,**
- 4 **policies, procedures, and capabilities of the board; and**
- 5 **(2) determine whether the board requires any additional**
- 6 **powers or resources to carry out section 15 of this chapter.**
- 7 **(b) The office of management and budget may:**
- 8 **(1) recommend any legislation necessary to provide the board**
- 9 **with sufficient powers and resources to carry out section 15 of**
- 10 **this chapter; and**
- 11 **(2) submit the recommended legislation to the general**
- 12 **assembly for consideration in the 2015 legislative session.**
- 13 **The office of management and budget shall submit the**
- 14 **recommended legislation under subdivision (2) in an electronic**
- 15 **format under IC 5-14-6.**
- 16 **SECTION 8. IC 6-1.1-20.3-15 IS ADDED TO THE INDIANA**
- 17 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
- 18 **[EFFECTIVE UPON PASSAGE]: Sec. 15. (a) After June 30, 2015,**
- 19 **the executive of a political subdivision may request technical**
- 20 **assistance from the board in helping prevent the political**
- 21 **subdivision from becoming a distressed political subdivision. The**
- 22 **board, by using the health fiscal indicators developed under**
- 23 **IC 5-14-3.7-16 or IC 5-14-3.8-8, shall determine whether to provide**
- 24 **assistance to the political subdivision.**
- 25 **(b) The board may do any of the following for a political**
- 26 **subdivision that receives assistance under subsection (a):**
- 27 **(1) Provide information and technical assistance with respect**
- 28 **to the data management, accounting, or other aspects of the**
- 29 **fiscal management of the political subdivision.**
- 30 **(2) Assist the political subdivision in obtaining assistance from**
- 31 **state agencies and other resources.**
- 32 **SECTION 9. 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.

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 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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## HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 106 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-9.1-1-7, AS AMENDED BY P.L.205-2013, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 7. (a) The board may transfer money between state funds, and the board may transfer money between appropriations for any board, department, commission, office, or benevolent or penal institution of the state. After the transfer is made, the money of the fund or appropriation transferred is not available to the fund or the board, department, commission, office, or benevolent or penal institution from which it was transferred.

(b) In addition to a transfer under subsection (a), the board may transfer money from an appropriation for any board, department, commission, office, or benevolent or penal institution of the state to the Indiana economic development corporation.

(c) An order by the board to make a transfer under this section is sufficient authority for the making of appropriate entries showing the transfer on the books of the auditor of state and treasurer of state.

(d) The authority given the board under this section to make transfers does not apply to trust funds. For the purposes of this section, "trust fund" means a fund which by the constitution or by statute has been designated as a trust fund or a fund which has been determined by the board to be a trust fund.

(e) Whenever the board takes action to transfer money out of a dedicated fund that is attributable to fees credited to the fund, the budget agency shall notify the budget committee within thirty (30) days and state the reason for the transfer.

**(f) Within thirty (30) days after approving a transfer, the board shall post on the Indiana transparency Internet web site:**

**(1) a narrative description of each approved transfer under this section; and**

**(2) the reason for the transfer."**

Renumber all SECTIONS consecutively.

(Reference is to ESB 106 as printed February 21, 2014.)

PORTER

