

February 24, 2023

SENATE BILL No. 391

DIGEST OF SB 391 (Updated February 22, 2023 3:37 pm - DI 110)

Citations Affected: IC 20-26.

Synopsis: Closure of school buildings. Establishes standards concerning when a school corporation may close an underutilized school building that had been used at any time for classroom instruction. Provides procedures regarding petitioning for a determination as to whether a school building meets criteria for closure or should be made available for sale or lease. Requires the department of education (department) to make a determination regarding a petition. Requires each school corporation to annually report to the department certain information regarding school buildings. Provides procedures for notifying charter schools, state educational institutions, and qualified nonprofit corporations through the department of the availability of a covered school building. Provides for appeals of certain orders or decisions to the state board of education. Provides that the department or charter school, state educational institution, or qualified nonprofit corporation to enforce a final order for the sale or lease of a covered school building or file a civil action to enforce the final order for the sale or lease after certain time periods. Makes other related changes. Repeals certain provisions regarding investigating complaints and enforcement by the attorney general.

Effective: July 1, 2023.

Rogers, Raatz, Buchanan

January 19, 2023, read first time and referred to Committee on Education and Career Development. February 23, 2023, amended, reported favorably — Do Pass.



February 24, 2023

First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

SENATE BILL No. 391

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

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

1	SECTION 1. IC 20-26-7-5, AS AMENDED BY P.L.233-2015,
2	SECTION 108, IS AMENDED TO READ AS FOLLOWS
3	[EFFECTIVE JULY 1, 2023]: Sec. 5. Except as otherwise provided
4	in IC 20-26-7.1, a school corporation (as defined in IC 36-1-2-17) may
5	convey property owned by the school corporation to a civil city or other
6	political subdivision for civic purposes if:
7	(1) the governing body adopts a resolution recommending the
8	transfer and conveyance of the school property;
9	(2) the civil city or political subdivision agrees to accept the
10	school property; and
11	(3) the governing body executes a deed for the school property.
12	SECTION 2. IC 20-26-7-39, AS ADDED BY P.L.1-2005,
13	SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14	JULY 1, 2023]: Sec. 39. (a) Except as otherwise provided in
15	IC 20-26-7.1, if:
16	(1) a school corporation; and
17	(2) the state, either in the name of the state or in the name of the



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1	trustees of an agency of the state;
2	each own improved or unimproved real estate that lies within the
3	boundaries of the school corporation and that is not needed or required
4	for the purpose for which it was acquired, the school corporation and
5	the state may sell, trade, exchange, or convey to or with each other the
6	unneeded real estate upon such terms and conditions mutually agreed
7	upon and incorporated in an agreement between the trustees or board
8	of trustees of the school corporation and the state or, if the real estate
9	is held in the name of the trustees of an agency of the state, by the
10	trustees.
11	(b) A value must be assigned to each parcel of real estate involved
12	in the sale, trade, or exchange in the agreement. The assigned value
13	must be the fair market value of the real estate as determined by three
14	(3) appraisers appointed as follows:
15	(1) One (1) to be appointed by the board of trustees of the school
16	corporation.
17	(2) One (1) to be appointed by the state or, if the real estate is held
18	in the name of the trustees of an agency of the state, by the
19	trustees.
20	(3) One (1) to be appointed by the two (2).
21 22	(c) The agreement must provide for payment by the party owning
22	the real estate of the smaller value to the other party of the difference of value of the properties.
23 24	SECTION 3. IC 20-26-7-47 IS ADDED TO THE INDIANA CODE
25	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
26	1, 2023]: Sec. 47. (a) The following definitions apply throughout
20	this section:
28	(1) "Covered school building" has the meaning set forth in
29	IC 20-26-7.1-2.1.
30	(2) "Current school year" refers to a year in which the
31	governing body is required to conduct a review of school
32	building usage under subsection (c).
33	(3) "Enrollment" refers to students counted in ADM (as
34	defined in IC 20-43-1-6) in the first count date for a school
35	year fixed under IC 20-43-4-3.
36	(4) "Interested person" has the meaning set forth in
37	IC 20-26-7.1-2.2.
38	(5) "Qualified nonprofit corporation" has the meaning set
39 40	forth in IC 20-26-7.1-2.7.
40 41	(b) This section applies to a school corporation only if: (1) the total student enrollment for in-person instruction in
41 42	(1) the total student enrollment for in-person instruction in the school corporation in the current school year is at least ten
74	the sentor corporation in the current sentor year is at least tell

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1	percent (10%) less than the student enrollment for in-person
2	instruction in the school corporation in a school year that
3	precedes the current school year by five (5); and
4	(2) the school corporation in the current school year has more
5	than one (1) school building serving the same grade level as
6	the school building subject to closure under this section.
7	(c) Each school year, the governing body of a school corporation
8	shall review the usage of school buildings used by the school
9	corporation to determine whether any school building should be
10	closed for the ensuing school year and subsequent school years.
11	(d) A school corporation may close a school building for the
12	ensuing school year (and subsequent school years) if:
13	(1) at any time the school building had been used for
14	classroom instruction;
15	(2) in the current school year and the two (2) school years
16	immediately preceding the current school year the school
17	building was underutilized for classroom instruction purposes
18	or other allowable uses specified by this section;
19	(3) as of the end of the school year before the school building
20	is required to be closed under this section, the school
21	corporation was not subject to a transitional plan adopted by
22	the governing body and approved by the department to use
23	the school building for an allowable use not later than the next
24	school year after the school building is otherwise required to
25	be closed under this section;
26	(4) in the case of a school building that was used in any part
27	in the current school year for instructional purposes, the
28	school corporation has another school building:
29	(A) with sufficient capacity to take the students using the
30	school building being considered for closure; and
31	(B) that does not require more than twenty (20) minutes of
32	travel time from the school building being considered for
33	closure; and
34	(5) the school building is not a school building described in
35	IC 20-26-7.1-1, IC 20-26-7.1-3(b), or IC 20-26-7.1-3(c).
36 37	(e) For purposes of this section, a school building is underutilized in a school war if the school building is not used for
37 38	underutilized in a school year if the school building is not used for any of the following allowable uses:
38 39	any of the following allowable uses: (1) The number of full-time equivalent students enrolled for
39 40	(1) The number of full-time equivalent students enrolled for in-person instruction in the school building on instructional
40 41	days (as determined under IC 20-30-2) for instructional
41	purposes, averaged over the current school year and the two
74	pur poses, averaged over the current school year and the two

1	(2) school years immediately preceding the current school
2	year, is at least sixty percent (60%) of:
3	(A) the known classroom design capacity of the school
4	building; or
5	(B) if the design capacity is not known, the average
6	maximum full-time equivalent enrollment in any of the last
7	twenty-five (25) years, as validated by records created or
8	maintained by the department.
9	(2) The school corporation demonstrates through facts
10	included in a resolution that the school building is being used
11	and that it is financially prudent to continue to use the school
12	building, considering all community resources, for a distinct
12	student population that reasonably cannot be served through
14	integration with the general school population, such as
15	students attending an alternative education program (as
16	defined in IC 20-30-8-1). However, to be an allowable use
17	under this subdivision, the average number of full-time
18	equivalent students using the school building in a school year
19	for instructional purposes must be at least thirty percent
20	(30%) of:
21	(A) the known classroom design capacity of the school
22	building; or
23	(B) if the design capacity is not known, the average
24	maximum full-time equivalent enrollment in any of the last
25	twenty-five (25) years, as validated by records created or
26	maintained by the department; and
27	(if multiple school buildings are used for the same purposes)
28	combining the student populations into fewer school buildings
29	is not reasonably feasible.
30	(3) The school corporation demonstrates through facts
31	included in a resolution that the school building is being used
32	and that it is financially prudent to continue to use the school
33	building, considering all community resources, for
34	administrative or other school offices. However, to be an
35	allowable use under this subdivision, at least fifty percent
36	(50%) of the square footage of the school building must be
37	used for offices, the personnel headquartered in the school
38	building must consistently use the space for office purposes,
39	and the occupancy cost of using the school building cannot be
40	more than comparable office space that is available in the
41	school district.
42	(4) The school corporation demonstrates through facts

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1	included in a resolution that the school building is being used
2 3	and that it is financially prudent to continue to use the school
	building, considering all community resources, for storage.
4	However, to be an allowable use under this subdivision, at
5	least fifty percent (50%) of the square footage of the school
6	building must be used for storage, on average the storage
7	space must be used to capacity, and the cost of using the
8	school building for storage must be less than comparable
9	storage space that is available in the school district.
10	(5) The school corporation demonstrates through facts
11	included in a resolution that the school building is being used
12	and that it is financially prudent to continue to use the school
13	building, considering all community resources, for a
14	combination of office space and storage. However, to be an
15	allowable use under this subdivision, at least fifty percent
16	(50%) of the square footage of the school building must be
17	used for a combination of office space and storage and:
18	(A) the personnel headquartered in the school building
19	must consistently use the office space for office purposes,
20	and the occupancy cost of using the office space, calculated
21	using the costs of operating the school building, cannot be
22	more than comparable office space that is available in the
23	school district; and
24	(B) on average, the storage space must be used to capacity
25	and the cost of using the school building for storage must
26	be less than comparable storage space that is available in
27	the school district.
28	(f) Closure of a school building that:
29	(1) is owned by the school corporation or any other entity that
30	is related in any way to, or created by, the school corporation
31	or the governing body; or
32	(2) jointly owned in the same manner by two (2) or more
33	school corporations;
34	shall be carried out in conformity with IC 20-26-7.1.
35	(g) Before filing a petition under subsection (h), a charter
36	school, state educational institution, or qualified nonprofit
37	corporation that is interested in a school corporation's school
38	building must give written notice to the school corporation to
39	determine whether an agreement can be reached regarding the
40	school corporation making the school building available for lease
41	or purchase under IC 20-26-7.1.
42	(h) If an agreement is not reached within forty-five (45) days



1 after the date that the school corporation receives the notice under 2 subsection (g), the charter school, state educational institution, or 3 qualified nonprofit corporation may petition the department or the 4 department on its own may initiate a proceeding for a 5 determination as to whether a school building meets the criteria for 6 closure under this section or a covered school building that is no 7 longer used for classroom instruction by a school corporation 8 should be made available under IC 20-26-7.1. If a charter school, 9 state educational institution, or qualified nonprofit corporation 10 petitions the department under this subsection, the charter school, 11 state educational institution, or qualified nonprofit corporation 12 must provide a copy of the petition to the applicable school 13 corporation. 14 (i) An interested person that is not otherwise a party to the 15

proceeding may intervene in the proceeding under subsection (h)
as a party. The school corporation has the burden of going forward
with the evidence and the burden of proof to demonstrate that the
school building does not meet the criteria for closure or the
covered school building is not required to be made available under
IC 20-26-7.1.

(j) Not more than sixty (60) days after receiving notice of a petition under subsection (h), the school corporation must:

(1) file a response to the petition that notifies the department that the school corporation:
(A) is not contesting the petition; or

(B) is contesting the petition and states the facts upon which the school corporation relies in contesting the petition; and

(2) provide a copy of the response to the petitioner and any intervening party.

(k) If the school corporation:

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(1) files a response that the school corporation is not contesting the petition; or

(2) fails to submit a timely response under subsection (j);

the department shall issue an order granting the petition. A petition and any response or reply are public documents.

(1) If a school corporation contests a petition under subsection (j), a party to the proceeding has not more than sixty (60) days after the date that the school corporation files a response under subsection (j) to submit a reply to the school corporation's response.

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1 petition under subsection (h) not more than one hundred twenty 2 (120) days after the date that the: 3 (1) petitioner and any intervening party have submitted a 4 reply under subsection (l); or 5 (2) time period to reply under subsection (l) has expired. 6 (n) A school corporation or another party to the proceeding may 7 file with the state board a petition requesting review of the 8 department's determination. Upon receipt of a petition under this 9 subsection, the state board shall review the department's 10 determination. An appeal to the state board shall be subject to the 11 procedure described in IC 20-26-11-15(b). 12 (o) Upon the issuance of a final unappealable order granting a 13 petition, the school corporation may make the school building 14 available for lease or purchase in accordance with IC 20-26-7.1. 15 SECTION 4. IC 20-26-7-48 IS ADDED TO THE INDIANA CODE 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 17 1, 2023]: Sec. 48. (a) The following definitions apply throughout 18 this section: 19 (1) "Current school year" refers to a year in which the 20 governing body is required to conduct a review of school 21 building usage under subsection (c). 22 (2) "Enrollment" refers to students counted in ADM (as 23 defined in IC 20-43-1-6) in the first count date for a school 24 year fixed under IC 20-43-4-3. 25 (b) This section applies to a school corporation only if: 26 (1) the total student enrollment for in-person instruction in the school corporation in the current school year is at least ten 27 28 percent (10%) less than the student enrollment for in-person 29 instruction in the school corporation in a school year that 30 precedes the current school year by five (5); and 31 (2) the school corporation in the current school year has more 32 than one (1) school building serving the same grade level as a 33 school building subject to closure under section 47 of this 34 chapter. 35 (c) Each school corporation shall annually report to the 36 department in the form and on the schedule specified the following 37 information by the department: 38 (1) A listing of all buildings owned or leased by the school 39 corporation that were originally designed as a school building. 40 (2) The following information for each building listed in 41 subdivision (1): 42 (A) Designed occupancy, regardless of current use.

1 (B) Current use (and percentage of use) for classroom 2 instruction, as special use classrooms, as office space, or as 3 storage or alternatively the building's status as 4 transitioning from one (1) use or combination of uses to 5 another. 6 (C) The following information: 7 (i) Current average full-time equivalent student 8 enrollment for in-person instruction in the school 9 building on instructional days (as determined under 10 IC 20-30-2) in a school year. 11 (ii) Percentage of instructional use. 12 (iii) Percentage of use for other purposes. 13 (D) Self-evaluation of whether the building qualifies for 14 closure under section 47 of this chapter or the school board 15 otherwise intends to close the building and the date closure 16 will occur (if applicable). 17 SECTION 5. IC 20-26-7.1-2.1 IS ADDED TO THE INDIANA 18 CODE AS A NEW SECTION TO READ AS FOLLOWS 19 [EFFECTIVE JULY 1, 2023]: Sec. 2.1. As used in this chapter, "covered school building" means a school building that is owned 20 21 by a school corporation or any other entity that is related in any 22 way to, or created by, the school corporation or the governing 23 body, including a building corporation, and that has at any time 24 been used for classroom instruction. 25 SECTION 6. IC 20-26-7.1-2.2 IS ADDED TO THE INDIANA 26 CODE AS A NEW SECTION TO READ AS FOLLOWS 27 [EFFECTIVE JULY 1, 2023]: Sec. 2.2. As used in this chapter, 28 "interested person" refers to the following: 29 (1) Each state educational institution. 30 (2) Each charter school in a county where a school 31 corporation with a covered school building subject to closure 32 is located. 33 (3) All charter school authorizers (excluding school 34 corporation authorizers as defined in IC 20-24-1-2.5(1)). 35 (4) Each trade or professional organization representing 36 charter schools listed as an organization representing charter 37 school on the website of the department or otherwise known 38 to a school corporation with a covered school building subject 39 to closure. 40 (5) The Indiana charter school board. 41 (6) Each charter school that is not described in subdivision (2) 42 or qualified nonprofit corporation that has provided a written



1 notice of interest in a covered school building to the 2 department. 3 SECTION 7. IC 20-26-7.1-2.7 IS ADDED TO THE INDIANA 4 CODE AS A NEW SECTION TO READ AS FOLLOWS 5 [EFFECTIVE JULY 1, 2023]: Sec. 2.7. As used in this chapter, 6 "qualified nonprofit corporation" means a nonprofit corporation 7 that: 8 (1) is qualified as tax exempt under Section 501(c)(3) of the 9 **Internal Revenue Code;** 10 (2) is not owned or otherwise controlled by a school 11 corporation or employee of a school corporation; and 12 (3) has engaged in exempt educational purpose activities for 13 at least two (2) years. 14 SECTION 8. IC 20-26-7.1-2.8 IS ADDED TO THE INDIANA 15 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 2.8. When a notice is given to an 16 17 authorizer under this chapter or IC 20-26-7-47, the authorizer is 18 responsible for notifying all charter schools authorized by or 19 applying for authorization by the authorizer. The authorizer must 20 provide the notice to charter schools not more than ten (10) days 21 after the authorizer received the notice. 22 SECTION 9. IC 20-26-7.1-3, AS AMENDED BY P.L.155-2021, 23 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 24 JULY 1, 2023]: Sec. 3. (a) This subsection applies to any school 25 building that is owned by a school corporation or any other entity that 26 is related in any way to, or created by, the school corporation or the 27 governing body, including but not limited to a building corporation, 28 and that has at any time been used for classroom instruction. Except as 29 provided in section 1 of this chapter or subsection $\frac{(b)(1)}{(b)}$ (b) or (c), 30 before a governing body may sell, exchange, lease, demolish, hold 31 without operating, or dispose of a covered school building, a governing 32 body shall do the following: 33 (1) This subdivision applies after June 30, 2021. The governing 34 body shall obtain a certification from the attorney general's office 35 under section 8.5 of this chapter. 36 (2) The governing body shall make available for lease or purchase 37 by a charter school, or after June 30, 2021, a state educational 38 institution, or qualified nonprofit corporation any covered 39 school building owned by the school corporation or any other 40 entity that is related in any way to, or created by, the school 41 corporation or the governing body, including but not limited to a 42 building corporation, that

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1	(A) is vacant or unused; and
2	(B) was previously used for classroom instruction;
3	the governing body elects to close or the school corporation is
4	required to close under IC 20-26-7-47, in order for the covered
5	school building to be used by a:
6	(1) charter school to conduct kindergarten prekindergarten
7	through grade 12 classroom instruction; or to be used by a
8	(2) state educational institution for an academic purpose; or
9	(3) qualified nonprofit corporation for educational purposes.
10	(b) The following are not required to comply with this chapter:
11	(1) A governing body that vacates a covered school building in
12	order to:
13	(A) renovate the covered school building for a future
14	allowable use by the school corporation as permitted under
15	IC 20-26-7-47; or
16	(B) demolish the covered school building and build a new
17	school building on the same site as the demolished building.
18	(2) An emergency manager of a distressed school corporation
19	under IC 6-1.1-20.3.
20	(3) The governing body of the School City of East Chicago school
21	corporation for the Carrie Gosch Elementary School building.
22	(c) Notwithstanding subsection (a), a lease entered into by This
23	section does not apply to a covered school building in which a
24	governing body under IC 20-26-5-4(a)(7) entered a lease prior to
25	January 1, 2019, with a state accredited nonpublic school. shall remain
26	in full force and effect. In addition, the governing body may, during or
27	at the expiration of the term of such lease, sell the school building
28	leased under IC 20-26-5-4(a)(7) to the nonpublic school at a purchase
29	price mutually agreed to by the governing body and the nonpublic
30	school.
31	(d) A covered school building that a school corporation closes or
32	is required to close may not be retained by the school corporation
33	for storage or office use unless the conditions of
34	IC 20-26-7-47(e)(3), IC 20-26-7-47(e)(4), or IC 20-26-7-47(e)(5) are
35	met.
36	SECTION 10. IC 20-26-7.1-4, AS AMENDED BY P.L.155-2021,
37	SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38	JULY 1, 2023]: Sec. 4. (a) A school corporation may notify the
39	department anytime after the governing body elects to close a
40	covered school building. The school corporation shall notify the
41	department in the annual report required under IC 20-26-7-48 that
42	the school corporation elects to or is required under IC 20-26-7-47

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1 to close a covered school building. The notice must be in the annual 2 report submitted under IC 20-26-7-48 after the school elects to or 3 is required to close the covered school building. The department 4 shall notify interested persons concerning the availability of a 5 covered school building under subsection (d). 6 (b) Not later than ten (10) fifteen (15) days after: passing a 7 resolution or taking other official action to close, no longer use, or no 8 longer occupy a school building that was previously used for classroom 9 instruction under section 3 of this chapter, 10 (1) the department receives the earliest notice under 11 subsection (a); or 12 (2) if the department determines that a covered school 13 building qualifies for closure under IC 20-26-7-47, the date a final order to close a covered school building is issued under 14 15 IC 20-26-7-47; 16 the governing body shall take the actions specified by this subsection 17 and subsection (c). The department may order a school 18 corporation to comply with this subsection and subsection (c) and 19 request that the attorney general enforce the order under section 20 9(a) of this chapter. 21 (1) notify the department of the official action and the effective 22 date that the school building will be closed, no longer used, or no 23 longer occupied; 24 (c) The governing body shall do the following: 25 (2) (1) Make the **covered** school building available for inspection by a charter school, or state educational institution, or qualified 26 27 nonprofit corporation that notifies the department that it is 28 interested in leasing or purchasing the covered school building. 29 described under section 3 of this chapter; and 30 (3) (2) Make the following information available to a charter 31 school, or state educational institution, or qualified nonprofit 32 corporation described in subdivision (2): (1): 33 (A) Estimates of the operating expenses for the covered school building for the past three (3) years. 34 35 (B) Written information regarding the condition of the covered school building, including the age of the roof and the 36 37 HVAC system, and any known conditions which, in the governing body's opinion, require prompt repair or 38 39 replacement. 40 (C) A legal description of the property. (b) (d) Within Not later than five (5) fifteen (15) days of after the 41 42 earlier of:



(1) receiving the earliest notice under subsection (a)(1), subsection (a); or

(2) if the department determines that a covered school building qualifies for closure under IC 20-26-7-47, the date a final unappealable order to close a covered school building is issued under IC 20-26-7-47;

7 the department shall place a notice on the department's website that 8 the covered school building is available for purchase or lease under 9 this chapter and provide written notification to each state educational 10 institution, charter school authorizer (excluding school corporation 11 authorizers as defined in IC 20-24-1-2.5(1)), and statewide 12 organizations representing charter schools in Indiana of the school 13 corporation's resolution or official action described in subsection (a), 14 interested person, including the date when the covered school 15 building will close, no longer be used, or become vacant.

16 (c) (e) The school corporation shall lease the covered school 17 building to a charter school, or state educational institution, or 18 qualified nonprofit corporation for one dollar (\$1) per year for as 19 long as the state educational institution uses the covered school 20 building for an academic purpose, or the charter school uses the 21 covered school building for classroom instruction, or the qualified 22 nonprofit corporation uses the covered school building for 23 educational purposes, for a term at the state educational institution's, 24 or charter school's, or qualified nonprofit corporation's discretion, 25 or sell the **covered** school building for one dollar (\$1), if the charter school, or state educational institution, or qualified nonprofit 26 27 corporation does the following:

(1) Within thirty (30) ninety (90) days of receiving the
department's notice under subsection (b), (d), a charter school, or
state educational institution, or qualified nonprofit corporation
must submit a preliminary request to purchase or lease the
covered school building.

33 (2) Subject to subsection (d), (f), within ninety (90) days of
34 receiving the department's notice under subsection (b), (d), a
35 charter school, or state educational institution, or qualified
36 nonprofit corporation must submit to the school corporation the
37 following information:
38 (A) The name of the charter school, or state educational

(A) The name of the charter school, or state educational institution, or qualified nonpublic corporation that is interested in leasing or purchasing the vacant or unused covered school building.

(B) A time frame, which may not exceed two (2) years from

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1	the date that the covered school building is to be closed, no
2	longer used, or no longer occupied, in which the:
3	(i) charter school intends to begin providing classroom
4	instruction in the vacant or unused covered school building;
5	01
6	(ii) state educational institution intends to begin using the
7	covered school building for an academic purpose; or
8	(iii) qualified nonprofit corporation intends to begin
9	using the covered school building for educational
10	purposes.
11	(C) A resolution, adopted by the board of the charter school,
12	or state educational institution, or qualified nonprofit
13	corporation stating that the board of the charter school, or the
14	state educational institution, or qualified nonprofit
15	corporation has determined that, after the charter school, or
16	state educational institution, or qualified nonprofit
17	corporation has made any necessary repairs or modifications,
18	the covered school building will be sufficient to meet the
19	charter school's, or state educational institution's, or qualified
20	nonprofit corporation's needs and can be operated within the
21	charter school's, or state educational institution's, or qualified
22	nonprofit corporation's budget.
23	(D) This clause applies to a vacant or unused school building
24	with more than two hundred thousand (200,000) gross square
25	feet. In addition to the information provided in clauses (A)
26	through (C), a charter school shall submit the following:
27	(i) The charter school's projected enrollment when all of the
28	grade levels are added.
29	(ii) A letter from the charter school's authorizer or
30	prospective authorizer that indicates that the charter school's
31	authorizer or prospective authorizer has reviewed the items
32	described in clauses (B) through (C) and that the projected
33	enrollment of the charter school when all of the grade levels
34	are added or fully implemented will be at least sixty percent
35	(60%) of the maximum annual student enrollment of the
36	school building during the past twenty-five (25) years as
37	validated by records maintained or created by the
38	department.
39	(d) (f) If the department does not receive any preliminary requests
40	to purchase or lease a covered school building within the time frame
41	described in subsection $(c)(1)$, and except as provided in section 7 of
42	this chapter, (e)(1), the department shall send notification to the school



corporation that the department has not received any preliminary requests to purchase or lease the **covered** school building. Upon receipt of the notification under this subsection, the school corporation may sell or otherwise dispose of the **covered** school building in accordance with IC 36-1-11, IC 20-25-4-14, **and** IC 20-26-5-4(a)(7). and section 8 of this chapter.

7 (e) (g) If only one (1) charter school submits a preliminary 8 request to purchase or lease the covered school building, the 9 department shall notify the school corporation of the identity of the 10 charter school and direct the school corporation to complete a sale 11 or lease to the charter school in accordance with subsection (k). 12 Except as provided in subsection (g), In the event that two (2) or more 13 charter schools but no state educational institutions, submit a 14 preliminary request to purchase or lease a covered school building within the time frame described in subsection (c)(1), (e)(1), the 15 16 department shall send notification to an authorizer described in 17 IC 20-24-1-2.5(3) and each statewide charter school authorizer and 18 statewide organization representing charter schools in Indiana 19 (excluding school corporation authorizers as defined in 20 IC 20-24-1-2.5(1)); each interested person and the school corporation 21 that the department has received two (2) or more preliminary requests 22 under this section. An authorizer committee shall be established, with 23 each statewide authorizer that has authorized one (1) or more charter 24 schools appointing a representative, and the committee shall establish 25 the chairperson and procedures for the committee. Within sixty (60) 26 days of receiving notice under this subsection, the committee shall 27 select which charter school may proceed under subsection $\frac{(c)(2)}{k}$ to 28 purchase or lease the **covered** school building or determine if two (2) 29 or more charter schools should co-locate within the covered school 30 building. The committee shall give priority to a charter school located 31 within one (1) mile of the vacant or unused school building. base the 32 committee's decision on the following criteria: 33

(1) Preference shall be given to existing charter schools that have a proven track record of student academic performance.
(2) If two (2) or more charter schools of proven academic performance are competing and only one (1) charter school is operating in the county in which the covered school building is located, the charter school in the same county as the covered school building shall be given preference.

In the event that the committee determines that two (2) or more charter
 schools should co-locate in the covered school building, and, if
 applicable, that the combined enrollment of the charter schools will

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1 meet or exceed the requirements in subsection (c)(2)(D), the charter 2 schools have sixty (60) days to submit a memorandum of 3 understanding stating that the charter schools shall be jointly and 4 severally liable for the obligations related to the sale or lease of the 5 covered school building, and specifying how the charter schools will 6 utilize the covered school building and share responsibility for 7 operational, maintenance, and renovation expenses. If the charter 8 schools are unable to agree, the charter schools shall be deemed to have 9 revoked their prior request regarding the lease or sale of the covered 10 school building. The committee shall give notice of the committee's 11 decision to the school corporation and each interested person. A 12 charter school that is not selected by the authorizer committee may 13 appeal the decision to the state board not more than thirty (30) 14 days after receipt of the authorizer committee's decision. The state 15 board shall issue a final order in the appeal not more than sixty 16 (60) days after receipt of a properly filed appeal. Notice of the 17 appeal and the final order in the appeal must be given to the school 18 corporation.

19 (f) If two (2) or more state educational institutions but no charter 20 schools submit timely preliminary requests under subsection (c)(1) 21 regarding a school building, the secretary of education shall appoint 22 three (3) representatives of other state educational institutions. The 23 appointed representatives shall act as a committee to determine which 24 of the state educational institutions that have submitted preliminary 25 requests as described in this subsection is best able to meet the needs 26 of the students in the locality in which the school building is located. 27 Not later than sixty (60) days after the date that the secretary of 28 education appoints the committee of representatives under this 29 subsection, the committee of representatives shall: 30

- (1) select which state educational institution may proceed to purchase or lease the building; or
- (2) determine if two (2) or more state educational institutions should co-locate within the school building.

(g) If one (1) or more charter schools and one (1) or more state educational institutions submit timely preliminary requests under subsection (c)(1) regarding a school building, the charter school shall be provided preference to the school building. If more than one (1) charter school submits timely preliminary requests under subsection (c)(1) regarding a school building, the determination of which charter school may obtain the school building shall be resolved in the manner prescribed in subsection (c).

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(h) If a charter school does not submit a preliminary request to



1	purchase or lease the covered school building and only one (1) state
2	educational institution or qualified nonprofit corporation submits
3	a preliminary request to purchase or lease the covered school
4	building, the department shall:
5	(1) notify the school corporation of the identity of the state
6	educational institution or qualified nonprofit corporation;
7	and
8	(2) direct the school corporation to complete a sale or lease to
9	the state educational institution or qualified nonprofit
10	corporation in accordance with subsection (k).
11	(i) If one (1) or more:
12	(1) state educational institutions;
13	(2) qualified nonprofit corporations; or
14	(3) state educational institutions and qualified nonprofit
15	corporations;
16	submit preliminary requests to purchase or lease a covered school
17	building, a selection committee shall be established consisting of
18	one (1) member appointed by the executive of the largest city or
19	town in the county in which the covered school building is located,
20	one (1) member appointed by the city or town council of the largest
21	city or town in the county in which the covered school building is
22	located, one (1) member appointed by the county commissioners of
23	the county in which the covered school building is located, one (1)
24	member appointed by the county council of the county in which the
25	covered school building is located, and one (1) member appointed
26	by the chamber of commerce of the county in which the covered
27	school building is located.
28	(j) Not later than sixty (60) days after the date that a member is
29	appointed under subsection (i), the committee shall:
30	(1) select which qualifying nonprofit corporation or state
31	educational institution may proceed to purchase or lease the
32	covered school building; or
33	(2) determine if:
34	(A) more than one (1) state educational institution;
35	(B) more than one (1) qualified nonprofit corporation; or
36	(C) a state educational institution and qualified nonprofit
37	corporation;
38	should co-locate within the covered school building.
39	In making the committee's determination, the committee shall give
40	preference to a qualifying nonprofit corporation or state
41	educational institution whose proposed use of the covered school
42	building is assessed as having the greatest educational benefit for



1 prekindergarten through grade 12 education. A committee 2 determination under this subsection may not be appealed. 3 (h) (k) A school corporation shall lease the covered school building 4 for one dollar (\$1) per year to the charter school, or the state 5 educational institution, or qualified nonprofit corporation for as long 6 as the: 7 (1) charter school uses the covered school building for classroom 8 instruction for any combination of kindergarten through grade 12; 9 or a 10 (2) state educational institution uses the covered school building 11 for an academic purpose; or (3) qualified nonprofit corporation uses the covered school 12 13 building for educational purposes. 14 The term of the lease shall be established at the charter school's, or 15 state educational institution's, or qualified nonprofit corporation's 16 discretion and include an option for the state educational institution, or 17 charter school, or qualified nonprofit corporation to purchase the 18 covered school building for one dollar (\$1). Alternatively, the school 19 corporation shall sell the covered school building to the charter school, 20 or the state educational institution, or qualified nonprofit corporation 21 for one dollar (\$1), if the charter school, or the state educational 22 institution, or qualified nonprofit corporation has met the 23 requirements set forth in subsection (c) (e) and uses the vacant or 24 unused covered school building in the manner prescribed by this 25 subsection. If the charter school, state educational institution, or 26 qualified nonprofit corporation selected to lease or purchase the 27 covered school building has met the requirements under subsection 28 (e), the school corporation has not more than ninety (90) days after 29 the date notice of a final unappealable decision is received by the 30 school corporation to complete the lease or sale of the covered 31 school building to the charter school, state educational institution, 32 or qualified nonprofit corporation. If the transaction is not 33 completed within ninety (90) days, the department or the selected 34 charter school, state educational institution, or qualified nonprofit 35 corporation may, under section 9 of this chapter, request that the 36 attorney general enforce the sale or lease or may file suit to enforce 37 the sale or lease. If a charter school, or state educational institution, or 38 qualified nonprofit corporation has not met the requirements under 39 subsection (c), (e), the school corporation may subject to section 7 of 40 this chapter, sell or otherwise dispose of the covered school building 41 in accordance with IC 36-1-11, IC 20-25-4-14, and IC 20-26-5-4(a)(7). 42 and section 8 of this chapter.

1 SECTION 11. IC 20-26-7.1-4.5, AS ADDED BY P.L.155-2021, 2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 3 JULY 1, 2023]: Sec. 4.5. (a) After a governing body passes a resolution 4 or takes official action to close, no longer use, or no longer occupy a 5 covered school building that was previously used for classroom 6 instruction under section 3 of this chapter, or the covered school 7 building is required to be closed under IC 20-26-7-47, a school 8 corporation is responsible for meeting the requirements described in 9 subsection (b) until the applicable covered school building is: 10 (1) sold or leased to a charter school, or state educational institution, or qualified nonprofit corporation; 11 12 (2) sold to an accredited nonpublic school or postsecondary 13 educational institution other than a state educational institution 14 under section 7 of this chapter; or 15 (3) (2) eligible to be sold or otherwise disposed in accordance with IC 36-1-11, IC 20-25-4-14 and IC 20-26-5-4(a)(7). and 16 17 section 8 of this chapter. 18 (b) During the period described in subsection (a), a school 19 corporation is: 20 (1) responsible for the maintenance of a vacant or unused 21 covered school building, including; 22 (A) protection against theft or vandalism; 23 (B) fire protection; and 24 (C) ensuring the vacant or unused school building is not 25 damaged during adverse weather conditions; (2) responsible for maintaining the physical condition of the 26 27 vacant or unused covered school building in the same physical 28 condition the applicable covered school building was on the last 29 day that it was used for classroom instruction; and 30 (3) financially responsible for any damage or destruction that 31 occurs to the vacant or unused covered school building. 32 SECTION 12. IC 20-26-7.1-5, AS AMENDED BY P.L.155-2021, 33 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 34 JULY 1, 2023]: Sec. 5. (a) If: a school building is sold to a charter 35 school or state educational institution under section 3 or 4 of this 36 chapter and the charter school or the state educational institution, or 37 any subsequent owner, subsequently sells or transfers 38 (1) a covered school building is sold to a charter school, state 39 educational institution, or qualified nonprofit corporation 40 under section 4 of this chapter; and 41 (2) the charter school, state educational institution, or 42 qualified nonprofit corporation described in subdivision (1)

no longer intends to use the covered school building for the purposes described in section 4(e) of this chapter;

the charter school, state educational institution, or qualified nonprofit corporation shall offer to transfer the covered school building back to the school corporation that initially sold the covered school building to the charter school, state educational institution, or qualified nonprofit corporation.

8 (b) If a school corporation described in subsection (a) declines 9 the offer to transfer a covered school building back to the school 10 corporation, the charter school, state educational institution, or 11 qualified nonprofit corporation may sell or transfer the covered 12 school building to a third party. the If a charter school, or state 13 educational institution, or subsequent owner, or qualified nonprofit 14 corporation sells or transfers a covered school building to a third 15 party under this subsection, the charter school, state educational 16 institution, or qualified nonprofit corporation must transfer an 17 amount equal to the gain in the property minus the adjusted basis 18 (including costs of improvements to the covered school building) to 19 the school corporation that initially sold the vacant covered school 20 building to the charter school, or the state educational institution, or 21 qualified nonprofit corporation. Gain and adjusted basis shall be 22 determined in the manner prescribed by the Internal Revenue Code and 23 the applicable Internal Revenue Service regulations and guidelines. 24

(b) (c) A charter school, or state educational institution, or qualified nonprofit corporation that purchases a covered school building assumes total control of the covered school building and must maintain the covered school building, including utilities, insurance, maintenance, and repairs. In the event a:

29 (1) charter school does not use the covered school building for
30 classroom instruction; or

31 (2) state educational institution does not use the covered school
32 building for an academic purpose; or

(3) qualified nonprofit corporation does not use the covered school building for educational purposes;

within two (2) years after acquiring the **covered** school building, the **covered** school building shall revert to the school corporation, which may sell or otherwise dispose of the **covered** school building under IC 36-1-11.

39 SECTION 13. IC 20-26-7.1-6, AS AMENDED BY P.L.155-2021,
40 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2023]: Sec. 6. During the term of a lease under section 4 of
42 this chapter, the charter school, or the state educational institution, or

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qualified nonprofit corporation is responsible for the direct expenses related to the **covered** school building leased, including utilities, insurance, maintenance, repairs, and remodeling. If the lease involves co-locating charter schools or a co-location with a state educational institution, the obligations under the lease of the **covered** school building shall be joint and several. The school corporation is responsible for any debt incurred for or liens that attached to the **covered** school building before the charter school, **state educational institution, or qualified nonprofit corporation** leased the **covered** school building.

SECTION 14. IC 20-26-7.1-7 IS REPEALED [EFFECTIVE JULY 1, 2023]. Sec. 7. (a) As used in this section, "accredited nonpublic school" means a nonpublic school that:

(1) has voluntarily become accredited under IC 20-31-4.1; or

(2) is accredited by a national or regional accrediting agency that is recognized by the state board.

(b) This section applies to a school building with a gross square footage of two hundred thousand (200,000) square feet or less.

19 (c) If the school corporation receives notification from the 20 department that the department has not received any preliminary requests to purchase or lease a vacant or unused school building under 21 22 section 4(c)(1) of this chapter or a charter school or state educational 23 institution has not met the requirements under section 4(c)(2) or 4(e)24 of this chapter, the school corporation must sell the school building to 25 an accredited nonpublic school or a postsecondary educational 26 institution other than a state educational institution that sends a letter 27 of intent to the school corporation to purchase the vacant or unused 28 school building for an amount not more than the minimum bid for the 29 vacant or unused school building determined in accordance with 30 IC 36-1-11, or an amount agreed to by both parties.

31 (d) The accredited nonpublic school or postsecondary educational 32 institution, other than a state educational institution, must submit its 33 letter of intent to purchase the school building within thirty (30) days 34 of the date the school corporation passes a resolution or takes other 35 official action to close, no longer use, or no longer occupy a school 36 building that was previously used for elassroom instruction. However, 37 in the event that a charter school or state educational institution has 38 submitted a preliminary request to purchase or lease a school building, 39 the accredited nonpublic school or postsecondary educational 40 institution other than a state educational institution may send a letter of 41 intent to purchase or lease the school building within ninety (90) days 42 of the date that the school corporation passed a resolution or took

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official action to close, no longer use, or no longer occupy a school building.

(e) Within forty-five (45) days of notice of the minimum bid, the accredited nonpublic school or postsecondary educational institution other than a state educational institution must provide a binding offer to the school corporation to purchase the property in its current condition and provide a nonrefundable down payment equal to five percent (5%) of the minimum bid or an amount agreed to by both parties. In the event that two (2) or more binding offers are submitted to the school corporation under this subsection, the school corporation may select which offer to accept.

12 (f) If the sale of the property does not close within one hundred eighty (180) days of the school corporation's receipt of the binding 13 14 offer, and the delay in closing is not caused by the school corporation 15 or its representatives, the school corporation may refund the down 16 payment and sell or otherwise dispose of the school building under 17 IC 20-25-4-14, IC 20-26-5-4(a)(7), or IC 36-1-11.

18 SECTION 15. IC 20-26-7.1-8 IS REPEALED [EFFECTIVE JULY 19 1, 2023]. Sec. 8. (a) This section applies to the sale of a vacant or 20 unused school building with more than two hundred thousand 21 (200,000) gross square feet under IC 36-1-11, as permitted by this 22 chapter.

23 (b) In determining whether to accept a proposal to purchase and 24 redevelop the school building and any adjacent property, the governing 25 body must ensure that a charter school that is located within one (1) 26 mile of the site to be redeveloped and has notified the governing body 27 in writing of its interest in locating the charter school on the 28 redeveloped site is provided with the opportunity to lease adequate facilities on the redeveloped site at fifty percent (50%) or less than the 29 30 current market rate for the redeveloped property or a rate agreed upon 31 by the parties.

(c) In the event that a charter school does not enter into a lease for the appropriate facilities as part of the initial development of the school building parcel, this section shall no longer be binding on the school corporation or the purchaser of the property, which shall not be required to make the space available for use by another charter school. SECTION 16. IC 20-26-7.1-8.5 IS REPEALED [EFFECTIVE JULY 1, 2023]. Sec. 8.5. (a) This section applies after June 30, 2021.

39 (b) Except as provided in section 3(b)(1) of this chapter, if a 40 governing body passes a resolution to sell, exchange, lease, demolish, hold without operation, or dispose of a school building, the governing 42 body of the school corporation must receive a certification from the

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attorney general to ensure that the governing body is in compliance with the requirements of this chapter. The governing body of the school corporation shall submit an application, not later than fifteen (15) days after the governing body passes the resolution described in this subsection, to the attorney general in a manner prescribed by the attorney general. The attorney general shall approve or deny a certification within thirty (30) days of the date the request for certification is received by the attorney general. If the attorney general denies a certification under this section, the attorney general shall provide the specific reason why the request for certification was denied. If a governing body's request for certification is denied under this subsection, the governing body may reapply for certification upon remedying the reason for the attorney general's certification denial.

(c) A contract entered by a school corporation to sell, lease, demolish, or otherwise dispose of a school building without receiving a certification from attorney general under this section is null and void.

(d) The attorney general shall submit all certification findings to the department, which shall post the attorney general's certification findings on the department's Internet web site.

20 SECTION 17. IC 20-26-7.1-9. AS AMENDED BY P.L.155-2021. 21 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 22 JULY 1, 2023]: Sec. 9. (a) The attorney general shall investigate 23 complaints that a school corporation has not complied with the 24 requirements under this chapter if the complaint is filed within one (1) 25 year of the date in which the governing body is alleged to have taken 26 an official action that does not comply with this chapter. The attorney 27 general shall notify the school corporation of the investigation within 28 five (5) business days of receipt of a complaint under this section. The 29 attorney general shall complete the investigation within sixty (60) days 30 of the date of the complaint. The school corporation must provide any 31 information requested by the attorney general necessary to conduct the 32 investigation. Upon completion of the investigation, the attorney 33 general shall issue findings indicating whether the complaint is either 34 substantiated or unsubstantiated. 35

(b) Subject to subsection (d), in the event that a complaint is substantiated, (a) The attorney general, in consultation with the department and state board, is authorized to take any action necessary to remedy a substantiated complaint, which may include actions to be performed by the state board or the department to ensure compliance of a school corporation under this section.

(c) Upon completion of the investigation under subsection (a), the attorney general shall publish findings of an investigation under

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1 subsection (a) on the attorney general's Internet web site. In the event 2 a complaint is substantiated, a copy of the findings shall be sent to the 3 state board and the department. enforce a department or state board 4 order under IC 20-26-7-47 or this chapter (or an order issued by 5 the attorney general under IC 20-26-7.1 (as effective before July 1, 6 2023)), including equitable actions to enjoin or mandate an action 7 of a school corporation. No final court order shall be issued until 8 the school corporation has had ninety (90) days after the 9 department or state board has issued a final order to complete a 10 sale or lease of the covered school building. If the attorney general 11 does not commence legal action for an injunction to enforce a final 12 order to make a covered school building available for purchase or 13 lease under this chapter within one hundred (100) days after the 14 date the final order was issued, the charter school, state 15 educational institution, or qualified nonprofit corporation that 16 submitted the preliminary notice of interest to acquire or lease the 17 covered school building may file a civil action to enforce this 18 chapter. 19

(d) (b) In addition to the remedy under subsection (a), if a school 20 corporation does not comply with the requirements to sell or lease a 21 vacant covered school building provided in under this chapter, as 22 determined by the attorney general under subsection (a), the school 23 corporation shall submit any proceeds from the sale of the vacant 24 covered school building to the state board, which shall be distributed 25 equally between each charter school located in the attendance area of 26 the school corporation. If no charter schools are located in the 27 attendance area, the state board must use the proceeds to provide grants 28 under the charter school and innovation grant program under 29 IC 20-24-13. The attorney general is authorized to initiate any legal 30 action necessary to ensure compliance with this section. chapter.

31 SECTION 18. IC 20-26-7.1-10 IS ADDED TO THE INDIANA
32 CODE AS A NEW SECTION TO READ AS FOLLOWS
33 [EFFECTIVE JULY 1, 2023]: Sec. 10. (a) The following may adopt
34 rules under IC 4-22-2 to carry out this chapter:

- (1) The department.
 - (2) The state board.
 - (3) The attorney general.

(b) An action to complete the closure of a covered school building or sell or lease a covered school building to a charter school or state educational institution after June 30, 2023, that is based on an action initiated in compliance with IC 20-26-7.1 (as effective before July 1, 2023) is validated and legalized to the same

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extent as if all actions were taken under this chapter (as effective
 after June 30, 2023).

COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 391, 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 2, between lines 27 and 28, begin a new line block indented and insert:

"(1) "Covered school building" has the meaning set forth in IC 20-26-7.1-2.1.".

Page 2, line 28, delete "(1)" and insert "(2)".

Page 2, line 31, delete "(2)" and insert "(3)".

Page 2, line 34, delete "(3)" and insert "(4)".

Page 2, between lines 35 and 36, begin a new line block indented and insert:

"(5) "Qualified nonprofit corporation" has the meaning set forth in IC 20-26-7.1-2.7.".

Page 2, line 37, after "enrollment" insert "for in-person instruction".

Page 2, line 39, after "enrollment" insert "for in-person instruction".

Page 3, line 6, delete "shall" and insert "may".

Page 3, delete lines 34 through 42, begin a new line block indented and insert:

"(1) The number of full-time equivalent students enrolled for in-person instruction in the school building on instructional days (as determined under IC 20-30-2) for instructional purposes, averaged over the current school year and the two (2) school years immediately preceding the current school year, is at least sixty percent (60%) of:

(A) the known classroom design capacity of the school building; or

(B) if the design capacity is not known, the average maximum full-time equivalent enrollment in any of the last twenty-five (25) years, as validated by records created or maintained by the department.".

Page 4, delete lines 1 through 5.

Page 5, delete lines 32 through 42, begin a new paragraph and insert:

"(g) Before filing a petition under subsection (h), a charter school, state educational institution, or qualified nonprofit



corporation that is interested in a school corporation's school building must give written notice to the school corporation to determine whether an agreement can be reached regarding the school corporation making the school building available for lease or purchase under IC 20-26-7.1.

(h) If an agreement is not reached within forty-five (45) days after the date that the school corporation receives the notice under subsection (g), the charter school, state educational institution, or qualified nonprofit corporation may petition the department or the department on its own may initiate a proceeding for a determination as to whether a school building meets the criteria for closure under this section or a covered school building that is no longer used for classroom instruction by a school corporation should be made available under IC 20-26-7.1. If a charter school, state educational institution, or qualified nonprofit corporation petitions the department under this subsection, the charter school, state educational institution, or qualified nonprofit corporation must provide a copy of the petition to the applicable school corporation.

(i) An interested person that is not otherwise a party to the proceeding may intervene in the proceeding under subsection (h) as a party. The school corporation has the burden of going forward with the evidence and the burden of proof to demonstrate that the school building does not meet the criteria for closure or the covered school building is not required to be made available under IC 20-26-7.1.

(j) Not more than sixty (60) days after receiving notice of a petition under subsection (h), the school corporation must:

(1) file a response to the petition that notifies the department that the school corporation:

(A) is not contesting the petition; or

(B) is contesting the petition and states the facts upon which the school corporation relies in contesting the petition; and

(2) provide a copy of the response to the petitioner and any intervening party.

(k) If the school corporation:

(1) files a response that the school corporation is not contesting the petition; or

(2) fails to submit a timely response under subsection (j); the department shall issue an order granting the petition. A petition and any response or reply are public documents.



(1) If a school corporation contests a petition under subsection (j), a party to the proceeding has not more than sixty (60) days after the date that the school corporation files a response under subsection (j) to submit a reply to the school corporation's response.

(m) The department shall make a determination regarding a petition under subsection (h) not more than one hundred twenty (120) days after the date that the:

(1) petitioner and any intervening party have submitted a reply under subsection (1); or

(2) time period to reply under subsection (1) has expired.

(n) A school corporation or another party to the proceeding may file with the state board a petition requesting review of the department's determination. Upon receipt of a petition under this subsection, the state board shall review the department's determination. An appeal to the state board shall be subject to the procedure described in IC 20-26-11-15(b).

(o) Upon the issuance of a final unappealable order granting a petition, the school corporation may make the school building available for lease or purchase in accordance with IC 20-26-7.1.".

Page 6, delete lines 1 through 33.

Page 7, line 3, after "enrollment" insert "**for in-person instruction**". Page 7, line 5, after "enrollment" insert "**for in-person instruction**". Page 7, line 25, delete "students" and insert "**student**".

Page 7, line 26, after "enrollment" insert "for in-person instruction".

Page 8, between lines 15 and 16, begin a new line block indented and insert:

"(6) Each charter school that is not described in subdivision (2) or qualified nonprofit corporation that has provided a written notice of interest in a covered school building to the department.

SECTION 7. IC 20-26-7.1-2.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 2.7. As used in this chapter, "qualified nonprofit corporation" means a nonprofit corporation that:

(1) is qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code;

(2) is not owned or otherwise controlled by a school corporation or employee of a school corporation; and

(3) has engaged in exempt educational purpose activities for



at least two (2) years.".

Page 8, delete lines 24 through 42, begin a new paragraph and insert:

"SECTION 8. IC 20-26-7.1-3, AS AMENDED BY P.L.155-2021, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 3. (a) This subsection applies to any school building that is owned by a school corporation or any other entity that is related in any way to, or created by, the school corporation or the governing body, including but not limited to a building corporation, and that has at any time been used for classroom instruction. Except as provided in **section 1 of this chapter or** subsection (b)(1), (**b**) or (**c**), before a governing body may sell, exchange, lease, demolish, hold without operating, or dispose of a **covered** school building, a governing body shall do the following:

(1) This subdivision applies after June 30, 2021. The governing body shall obtain a certification from the attorney general's office under section 8.5 of this chapter.

(2) The governing body shall make available for lease or purchase by a charter school, or after June 30, 2021, a state educational institution, or qualified nonprofit corporation any covered school building owned by the school corporation or any other entity that is related in any way to, or created by, the school corporation or the governing body, including but not limited to a building corporation, that

(A) is vacant or unused; and

(B) was previously used for classroom instruction;

the governing body elects to close or the school corporation is required to close under IC 20-26-7-47, in order for the covered school building to be used by a:

(1) charter school to conduct kindergarten prekindergarten through grade 12 classroom instruction; or to be used by a

(2) state educational institution for an academic purpose; or

(3) qualified nonprofit corporation for educational purposes.(b) The following are not required to comply with this chapter:

(1) A governing body that vacates a **covered** school building in order to:

(A) renovate the **covered** school building for **a** future **allowable** use by the school corporation **as permitted under IC 20-26-7-47;** or

(B) demolish the **covered** school building and build a new school building on the same site as the demolished building.

(2) An emergency manager of a distressed school corporation



under IC 6-1.1-20.3.

(3) The governing body of the School City of East Chicago school corporation for the Carrie Gosch Elementary School building.

(c) Notwithstanding subsection (a), a lease entered into by This section does not apply to a covered school building in which a governing body under IC 20-26-5-4(a)(7) entered a lease prior to January 1, 2019, with a state accredited nonpublic school. shall remain in full force and effect. In addition, the governing body may, during or at the expiration of the term of such lease, sell the school building leased under IC 20-26-5-4(a)(7) to the nonpublic school at a purchase price mutually agreed to by the governing body and the nonpublic school.

(d) A covered school building that a school corporation closes or is required to close may not be retained by the school corporation for storage or office use unless the conditions of IC 20-26-7-47(e)(3), IC 20-26-7-47(e)(4), or IC 20-26-7-47(e)(5) are met.".

Page 9, delete lines 1 through 28.

Page 10, line 10, delete "shall" and insert "may".

Page 10, delete lines 17 through 33, begin a new paragraph and insert:

"(c) The governing body shall do the following:

(2) (1) Make the covered school building available for inspection by a charter school, σ state educational institution, or qualified nonprofit corporation that notifies the department that it is interested in leasing or purchasing the covered school building. described under section 3 of this chapter; and

(3) (2) Make the following information available to a charter school, $\frac{\partial r}{\partial r}$ state educational institution, or qualified nonprofit corporation described in subdivision (2): (1):

(A) Estimates of the operating expenses for the **covered** school building for the past three (3) years.

(B) Written information regarding the condition of the **covered school** building, including the age of the roof and the HVAC system, and any known conditions which, in the governing body's opinion, require prompt repair or replacement.

(C) A legal description of the property.".

Page 11, delete lines 9 through 42, begin a new paragraph and insert:

"(c) (e) The school corporation shall lease the **covered** school building to a charter school, or state educational institution, or



qualified nonprofit corporation for one dollar (\$1) per year for as long as the state educational institution uses the **covered school** building for an academic purpose, or the charter school uses the **covered** school building for classroom instruction, **or the qualified nonprofit corporation uses the covered school building for educational purposes**, for a term at the state educational institution's, or charter school's, **or qualified nonprofit corporation's** discretion, or sell the **covered** school building for one dollar (\$1), if the charter school, or state educational institution, **or qualified nonprofit corporation** does the following:

(1) Within thirty (30) ninety (90) days of receiving the department's notice under subsection (b), (d), a charter school, or state educational institution, or qualified nonprofit corporation must submit a preliminary request to purchase or lease the covered school building.

(2) Subject to subsection (d), (f), within ninety (90) days of receiving the department's notice under subsection (b), (d), a charter school, or state educational institution, or qualified nonprofit corporation must submit to the school corporation the following information:

(A) The name of the charter school, or state educational institution, or qualified nonpublic corporation that is interested in leasing or purchasing the vacant or unused covered school building.

(B) A time frame, which may not exceed two (2) years from the date that the **covered** school building is to be closed, no longer used, or no longer occupied, in which the:

(i) charter school intends to begin providing classroom instruction in the vacant or unused covered school building; or

(ii) state educational institution intends to begin using the **covered school** building for an academic purpose; **or**

(iii) qualified nonprofit corporation intends to begin using the covered school building for educational purposes.

(C) A resolution, adopted by the board of the charter school, or state educational institution, or qualified nonprofit corporation stating that the board of the charter school, or the state educational institution, or qualified nonprofit corporation has determined that, after the charter school, or state educational institution, or qualified nonprofit corporation has made any necessary repairs or modifications,



the **covered** school building will be sufficient to meet the charter school's, or state educational institution's, **or qualified nonprofit corporation's** needs and can be operated within the charter school's, or state educational institution's, **or qualified nonprofit corporation's** budget.

(D) This clause applies to a vacant or unused school building with more than two hundred thousand (200,000) gross square feet. In addition to the information provided in clauses (A) through (C), a charter school shall submit the following:

(i) The charter school's projected enrollment when all of the grade levels are added.

(ii) A letter from the charter school's authorizer or prospective authorizer that indicates that the charter school's authorizer or prospective authorizer has reviewed the items described in clauses (B) through (C) and that the projected enrollment of the charter school when all of the grade levels are added or fully implemented will be at least sixty percent (60%) of the maximum annual student enrollment of the school building during the past twenty-five (25) years as validated by records maintained or created by the department."

Page 12, delete lines 1 through 18.

Page 12, line 31, delete "identify" and insert "identity".

Page 12, line 33, delete "(j)." and insert "(k).".

Page 12, line 34, strike "Except as provided in subsection".

Page 12, line 34, delete "(i), in" and insert "In".

Page 12, line 35, strike "but no state educational institutions,".

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

Page 13, line 14, delete "performance" and insert "**performance**.". Page 13, delete line 15.

Page 13, line 17, delete "and socio-emotional learning success".

Page 13, line 18, delete "competing," and insert "competing and only one (1) charter school is operating in the county in which the covered school building is located,".

Page 13, delete lines 41 through 42, begin a new paragraph and insert:

"(f) If two (2) or more state educational institutions but no charter schools submit timely preliminary requests under subsection (c)(1) regarding a school building, the secretary of education shall appoint three (3) representatives of other state educational institutions. The appointed representatives shall act as a committee to determine which of the state educational institutions that have submitted preliminary



requests as described in this subsection is best able to meet the needs of the students in the locality in which the school building is located. Not later than sixty (60) days after the date that the secretary of education appoints the committee of representatives under this subsection, the committee of representatives shall:

(1) select which state educational institution may proceed to purchase or lease the building; or

(2) determine if two (2) or more state educational institutions should co-locate within the school building.

(g) If one (1) or more charter schools and one (1) or more state educational institutions submit timely preliminary requests under subsection (c)(1) regarding a school building, the charter school shall be provided preference to the school building. If more than one (1) charter school submits timely preliminary requests under subsection (c)(1) regarding a school building, the determination of which charter school may obtain the school building shall be resolved in the manner prescribed in subsection (c).

(h) If a charter school does not submit a preliminary request to purchase or lease the covered school building and only one (1) state educational institution or qualified nonprofit corporation submits a preliminary request to purchase or lease the covered school building, the department shall:

(1) notify the school corporation of the identity of the state educational institution or qualified nonprofit corporation; and

(2) direct the school corporation to complete a sale or lease to the state educational institution or qualified nonprofit corporation in accordance with subsection (k).

(i) If one (1) or more:

(1) state educational institutions;

(2) qualified nonprofit corporations; or

(3) state educational institutions and qualified nonprofit corporations;

submit preliminary requests to purchase or lease a covered school building, a selection committee shall be established consisting of one (1) member appointed by the executive of the largest city or town in the county in which the covered school building is located, one (1) member appointed by the city or town council of the largest city or town in the county in which the covered school building is located, one (1) member appointed by the county commissioners of the county in which the covered school building is located, one (1) member appointed by the county county commissioners of



covered school building is located, and one (1) member appointed by the chamber of commerce of the county in which the covered school building is located.

(j) Not later than sixty (60) days after the date that a member is appointed under subsection (i), the committee shall:

(1) select which qualifying nonprofit corporation or state educational institution may proceed to purchase or lease the covered school building; or

(2) determine if:

(A) more than one (1) state educational institution;

(B) more than one (1) qualified nonprofit corporation; or

(C) a state educational institution and qualified nonprofit corporation;

should co-locate within the covered school building.

In making the committee's determination, the committee shall give preference to a qualifying nonprofit corporation or state educational institution whose proposed use of the covered school building is assessed as having the greatest educational benefit for prekindergarten through grade 12 education. A committee determination under this subsection may not be appealed.

(h) (k) A school corporation shall lease the **covered** school building for one dollar (\$1) per year to the charter school, or the state educational institution, **or qualified nonprofit corporation** for as long as the:

(1) charter school uses the **covered** school building for classroom instruction for any combination of kindergarten through grade 12; or a

(2) state educational institution uses the **covered school** building for an academic purpose; **or**

(3) qualified nonprofit corporation uses the covered school building for educational purposes.

The term of the lease shall be established at the charter school's, or state educational institution's, or qualified nonprofit corporation's discretion and include an option for the state educational institution, or charter school, or qualified nonprofit corporation to purchase the covered school building for one dollar (\$1). Alternatively, the school corporation shall sell the covered school building to the charter school, or the state educational institution, or qualified nonprofit corporation for one dollar (\$1), if the charter school, or the state educational institution, or qualified nonprofit corporation has met the requirements set forth in subsection (c) (e) and uses the vacant or unused covered school building in the manner prescribed by this



subsection. If the charter school, state educational institution, or qualified nonprofit corporation selected to lease or purchase the covered school building has met the requirements under subsection (e), the school corporation has not more than ninety (90) days after the date notice of a final unappealable decision is received by the school corporation to complete the lease or sale of the covered school building to the charter school, state educational institution, or qualified nonprofit corporation. If the transaction is not completed within ninety (90) days, the department or the selected charter school, state educational institution, or qualified nonprofit corporation may, under section 9 of this chapter, request that the attorney general enforce the sale or lease or may file suit to enforce the sale or lease. If a charter school, or state educational institution, or qualified nonprofit corporation has not met the requirements under subsection (c), (e), the school corporation may subject to section 7 of this chapter, sell or otherwise dispose of the covered school building in accordance with IC 36-1-11, IC 20-25-4-14, and IC 20-26-5-4(a)(7). and section 8 of this chapter.".

Delete page 14.

Page 15, delete lines 1 through 32.

Page 15, line 42, delete "school" and insert "school,".

Page 15, line 42, after "school" strike "or".

Page 16, line 1, delete "institution;" and insert "institution, or qualified nonprofit corporation;".

Page 16, delete lines 22 through 42, begin a new paragraph and insert:

"SECTION 11. IC 20-26-7.1-5, AS AMENDED BY P.L.155-2021, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 5. (a) If: a school building is sold to a charter school or state educational institution under section 3 or 4 of this chapter and the charter school or the state educational institution, or any subsequent owner, subsequently sells or transfers

(1) a covered school building is sold to a charter school, state educational institution, or qualified nonprofit corporation under section 4 of this chapter; and

(2) the charter school, state educational institution, or qualified nonprofit corporation described in subdivision (1) no longer intends to use the covered school building for the purposes described in section 4(e) of this chapter;

the charter school, state educational institution, or qualified nonprofit corporation shall offer to transfer the covered school building back to the school corporation that initially sold the



covered school building to the charter school, state educational institution, or qualified nonprofit corporation.

(b) If a school corporation described in subsection (a) declines the offer to transfer a covered school building back to the school corporation, the charter school, state educational institution, or qualified nonprofit corporation may sell or transfer the covered school building to a third party. the If a charter school, or state educational institution, or subsequent owner, or qualified nonprofit corporation sells or transfers a covered school building to a third party under this subsection, the charter school, state educational institution, or qualified nonprofit corporation must transfer an amount equal to the gain in the property minus the adjusted basis (including costs of improvements to the covered school building) to the school corporation that initially sold the vacant covered school building to the charter school, or the state educational institution, or qualified nonprofit corporation. Gain and adjusted basis shall be determined in the manner prescribed by the Internal Revenue Code and the applicable Internal Revenue Service regulations and guidelines.

(b) (c) A charter school, or state educational institution, or qualified nonprofit corporation that purchases a covered school building assumes total control of the covered school building and must maintain the covered school building, including utilities, insurance, maintenance, and repairs. In the event a:

(1) charter school does not use the **covered** school building for classroom instruction; or

(2) state educational institution does not use the **covered** school building for an academic purpose; **or**

(3) qualified nonprofit corporation does not use the covered school building for educational purposes;

within two (2) years after acquiring the **covered** school building, the **covered** school building shall revert to the school corporation, which may sell or otherwise dispose of the **covered** school building under IC 36-1-11.".

Page 17, delete lines 1 through 6.

Page 17, line 10, delete "school" and insert "school,".

Page 17, line 10, strike "or the".

Page 17, line 10, delete "institution" and insert "institution, or qualified nonprofit corporation".

Page 17, line 17, delete "charter school" and insert "charter school, state educational institution, or qualified nonprofit corporation".

Page 20, delete lines 16 through 42, begin a new line blocked left and insert:



"the school corporation has had ninety (90) days after the department or state board has issued a final order to complete a sale or lease of the covered school building. If the attorney general does not commence legal action for an injunction to enforce a final order to make a covered school building available for purchase or lease under this chapter within one hundred (100) days after the date the final order was issued, the charter school, state educational institution, or qualified nonprofit corporation that submitted the preliminary notice of interest to acquire or lease the covered school building may file a civil action to enforce this chapter.

(d) (b) In addition to the remedy under subsection (a), if a school corporation does not comply with the requirements to sell or lease a vacant covered school building provided in under this chapter, as determined by the attorney general under subsection (a), the school corporation shall submit any proceeds from the sale of the vacant covered school building to the state board, which shall be distributed equally between each charter school located in the attendance area of the school corporation. If no charter schools are located in the attendance area, the state board must use the proceeds to provide grants under the charter school and innovation grant program under IC 20-24-13. The attorney general is authorized to initiate any legal action necessary to ensure compliance with this section. chapter."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 391 as introduced.)

RAATZ, Chairperson

Committee Vote: Yeas 8, Nays 4.