



January 31, 2020

SENATE BILL No. 425

DIGEST OF SB 425 (Updated January 28, 2020 6:02 pm - DI 133)

Citations Affected: IC 20-23.

Synopsis: School corporation disannexation. Establishes a two year pilot program whereby Greene Township, in St. Joseph County, may initiate a process to disannex from an existing school corporation and annex to another existing school corporation.

Effective: July 1, 2020.

Bohacek

January 15, 2020, read first time and referred to Committee on Education and Career Development.

January 23, 2020, reassigned to Committee on Tax and Fiscal Policy pursuant to Rule 68(b).

January 30, 2020, reported favorably — Do Pass.

SB 425—LS 6919/DI 125



January 31, 2020

Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

SENATE BILL No. 425

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 20-23-5.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]:

4 **Chapter 5.5. Pilot Program for Annexation and Disannexation**
5 **of a Township**

6 **Sec. 0.5. (a) A two (2) year pilot program is established to**
7 **monitor, measure, and gather data concerning the financial**
8 **impacts, including on transportation costs, of the disannexation of**
9 **a territory from a relinquishing school corporation to an acquiring**
10 **school corporation. The state board shall administer the pilot**
11 **program.**

12 **(b) A disannexation under the pilot program may be initiated**
13 **under section 9(a)(2) of this chapter only by the fiscal body and**
14 **township executive of Greene Township, in St. Joseph County.**

15 **Sec. 1. (a) A disannexation may not occur under the pilot**
16 **program if any of the following apply on the date a resolution is**
17 **adopted under section 9 of this chapter:**

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- 1 **(1) A building is located within the territory proposed to be**
- 2 **disannexed that is being used as a school by the relinquishing**
- 3 **school corporation.**
- 4 **(2) A building is located within the territory proposed to be**
- 5 **disannexed on which there is bond indebtedness owed by the**
- 6 **relinquishing school corporation.**
- 7 **(3) A building is located within the territory proposed to be**
- 8 **disannexed that is the subject of a lease entered into by the**
- 9 **relinquishing school corporation before April 15, 2020, to**
- 10 **allow the relinquishing school corporation to use the building**
- 11 **as a school.**

12 **(b) This chapter does not limit the ability of a school**
 13 **corporation to proceed in an annexation under IC 20-23-5.**

14 **Sec. 2. As used in this chapter, "acquiring school corporation"**
 15 **means a school corporation that acquires territory as a result of**
 16 **disannexation under the pilot program established by section 0.5**
 17 **of this chapter.**

18 **Sec. 3. As used in this chapter, "annex", "annexing",**
 19 **"annexation", and "school annexation" mean any action whereby**
 20 **the boundaries of an acquiring school corporation are changed so**
 21 **that additional territory, constituting all or part of any one (1) or**
 22 **more relinquishing school corporations, is transferred to the**
 23 **acquiring school corporation under the pilot program established**
 24 **by section 0.5 of this chapter.**

25 **Sec. 4. As used in this chapter, "disannex", "disannexing",**
 26 **"disannexation", and "school disannexation" mean any action**
 27 **whereby:**

28 **(1) the boundaries of a school corporation are changed by**
 29 **removing territory from a relinquishing school corporation;**
 30 **and**

31 **(2) the territory is transferred to an acquiring school**
 32 **corporation by annexation;**
 33 **under the pilot program established by section 0.5 of this chapter.**

34 **Sec. 5. As used in this chapter, "relinquishing school**
 35 **corporation" means a school corporation that relinquishes**
 36 **territory to an acquiring school corporation by disannexation**
 37 **under the pilot program established by section 0.5 of this chapter.**

38 **Sec. 6. As used in this chapter, "school corporation" has the**
 39 **meaning set forth in IC 20-18-2-16(a).**

40 **Sec. 7. As used in this chapter, "territory" means the entire**
 41 **territory of a township.**

42 **Sec. 8. Except as provided in section 1 of this chapter, territory**



1 may be disannexed from a school corporation under the pilot
2 program established by section 0.5 of this chapter.

3 **Sec. 9. (a) Subject to approval of a plan described in subsection**
4 **(c) and section 0.5(b) of this chapter, a disannexation may be**
5 **initiated by the adoption of a substantially identical disannexation**
6 **resolution by:**

- 7 (1) an acquiring school corporation's governing body; and
8 (2) the fiscal body of the township that is to be disannexed,
9 with approval of the township executive.

10 **(b) The resolution described in subsection (a) must contain the**
11 **following items:**

- 12 (1) The name of the school corporation from which the
13 territory is to be disannexed.
14 (2) A description of the territory to be disannexed.
15 (3) The name of the acquiring school corporation.
16 (4) The date the disannexation takes place.
17 (5) Any terms and conditions facilitating education of students
18 in the acquiring school corporation.

19 **(c) Subject to section 14 of this chapter, the resolution must be**
20 **supported by a plan for the organization of the acquiring school**
21 **corporation that includes the following information:**

- 22 (1) The willingness and ability of the acquiring school
23 corporation to accommodate and provide efficient and
24 equitable educational opportunity to students from the
25 territory.
26 (2) Proposed disposition of assets and liabilities of the
27 relinquishing school corporation to the acquiring school
28 corporation.
29 (3) Proposed allocation between the acquiring and
30 relinquishing school corporations of subsequently collected
31 school taxes levied on property in the annexed territory.
32 (4) Proposed amount, if any, to be paid by the acquiring
33 school corporation to the relinquishing school corporation on
34 account of property received from the relinquishing school
35 corporation.
36 (5) Additional information as required by the state board.

37 **Dispositions, allocations, and amounts transferred under this**
38 **subsection must be equitable, as determined by the state board.**
39 **Dispositions, allocations, and amounts transferred shall be**
40 **considered equitable if the plan is approved by the state board**
41 **under section 10(a)(4) of this chapter.**

42 **(d) After adoption of the resolution:**



- 1 (1) the resolution; and
- 2 (2) the plan for the organization of the acquiring school
- 3 corporation;
- 4 must be filed with the state board.

5 **Sec. 10. (a) The state board shall:**

- 6 (1) receive and examine each resolution and plan submitted
- 7 under section 9 of this chapter and approve each plan that
- 8 meets the standards of the state board;
- 9 (2) adopt a set of minimum considerations for a plan that
- 10 include:
- 11 (A) ensuring efficient and equitable educational
- 12 opportunities for all students of the acquiring school
- 13 corporation and relinquishing school corporation;
- 14 (B) the positive and negative effects on the acquiring and
- 15 relinquishing school corporations;
- 16 (C) the economic interests of the acquiring and
- 17 relinquishing school corporations related to changing the
- 18 boundaries of the school corporations; and
- 19 (D) a determination of whether the disannexation is
- 20 prohibited under section 1 of this chapter;
- 21 (3) not later than ninety (90) days after receipt of a plan, hold
- 22 a public hearing in the county in which the largest part of the
- 23 territory to be disannexed is located to allow residents of the
- 24 affected territory to testify; and
- 25 (4) not later than sixty (60) days after the public hearing:
- 26 (A) approve or disapprove in writing all or part of the
- 27 plan; and
- 28 (B) notify in writing, by certified mail with return receipt
- 29 requested, the acquiring school corporation, the
- 30 relinquishing school corporation, and the fiscal body of the
- 31 township.

32 (b) The state board is not required to hold a public hearing on
33 a plan that does not meet the minimum considerations required by
34 the state board. If the state board determines a plan does not meet
35 the minimum considerations required, the state board shall notify
36 in writing, by certified mail with return receipt requested, the
37 acquiring school corporation and the fiscal body of the township.

38 **Sec. 11. (a) If the state board approves the plan under section**
39 **10(a)(4) of this chapter, the acquiring school corporation and fiscal**
40 **body of the township proposed to be disannexed may:**

- 41 (1) within sixty (60) days of the state board approval of the
- 42 plan, file a petition in favor of the proposed disannexation of



1 the territory (including the name of the territory) from the
 2 relinquishing school corporation (including the name of the
 3 relinquishing school corporation) to the acquiring school
 4 corporation (including the name of the acquiring school
 5 corporation) that is signed by at least fifty-one percent (51%)
 6 of the registered voters residing in the territory proposed to
 7 be disannexed with the clerk of the circuit court of the county
 8 or counties in which the territory proposed to be disannexed
 9 is located under section 12 of this chapter; or

10 (2) after approval of the plan, request that the state board
 11 certify the approved plan to the clerk of the circuit court of
 12 the county or counties in which the territory proposed to be
 13 disannexed is located under section 13 of this chapter. The
 14 state board shall certify the approved plan to the clerk of the
 15 circuit court of the county or counties in which the territory
 16 proposed to be disannexed is located under section 13 of this
 17 chapter.

18 (b) If a petition described in subsection (a)(1) is not filed within
 19 sixty (60) days of the state board approval of the plan and a request
 20 for certification under subsection (a)(2) has not already been made,
 21 the state board shall certify the approved plan to the clerk of the
 22 circuit court of the county or counties in which the territory
 23 proposed to be disannexed is located under section 13 of this
 24 chapter.

25 Sec. 12. (a) If a petition described in section 11(a)(1) of this
 26 chapter is filed with the clerk of the circuit court of the county or
 27 counties in which the territory proposed to be disannexed is
 28 located, the clerk of the circuit court shall make a certification
 29 under the clerk's hand and seal of the clerk's office as to whether
 30 the petition is signed by at least fifty-one percent (51%) of the
 31 registered voters residing in the territory proposed to be
 32 disannexed.

33 (b) If the clerk of the circuit court certifies under subsection (a)
 34 that the petition is signed by at least fifty-one percent (51%) of the
 35 registered voters residing in the territory proposed to be
 36 disannexed, the state board shall:

37 (1) immediately cause notice of the result to be published in
 38 the county or counties where the disannexation will take
 39 place; and

40 (2) declare the disannexation final and approve the
 41 annexation of the territory to the acquiring school
 42 corporation by adopting a resolution to that effect.



1 (c) Notice of the adoption of a resolution under subsection (b)(2)
2 must be published at least once in one (1) newspaper of general
3 circulation published in the county or counties where the
4 disannexation will take place.

5 Sec. 13. (a) If a petition is not filed as described in section
6 11(a)(1) of this chapter, or following a request described in section
7 11(a)(2) of this chapter, the state board shall certify the approved
8 plan to the clerk of the circuit court of the county or counties in
9 which the territory proposed to be disannexed is located.

10 (b) After receiving a certified plan under subsection (a), the
11 clerk of the circuit court shall make a certification under the
12 clerk's hand and seal of the clerk's office as to:

13 (1) the number of registered voters residing in:

14 (A) the territory proposed to be disannexed; or

15 (B) the part of the territory proposed to be disannexed that
16 is located in the county, as disclosed by the voter
17 registration records of the county; and

18 (2) the date of the filing of the plan with the clerk.

19 If a territory proposed to be disannexed includes only part of a
20 voting precinct, the clerk of the circuit court shall ascertain, from
21 any means available, the number of registered voters residing in
22 the part of the voting precinct that is within the territory proposed
23 to be disannexed.

24 (c) The clerk of the circuit court shall do the following:

25 (1) Certify to the county election board the public question of
26 whether the disannexation should take place.

27 (2) Order the county election board to place the following
28 question on the ballot in the territory of the proposed
29 disannexation:

30 "Shall _____ (insert the name of the territory) be
31 transferred from _____ (insert the relinquishing
32 school corporation) to _____ (insert the acquiring
33 school corporation)?"

34 (d) The county election board shall place the question set forth
35 in subsection (c)(2) on the ballot for the next primary election or
36 general election under IC 3-10-9 as a local public question.

37 (e) The county election board, under IC 5-3-1, shall give notice
38 of the public question on the ballot at the primary election or
39 general election. The notice must:

40 (1) clearly state that the election is being held to provide the
41 registered voters an opportunity to approve or reject a
42 proposal for the disannexation of territory from an existing



- 1 school corporation;
- 2 (2) state the name of the existing school corporation to which
- 3 the territory is proposed to be annexed; and
- 4 (3) designate the date, time, and voting place or places at
- 5 which the election will be held.
- 6 (f) The county election board shall place the public question on
- 7 the ballot in the form prescribed by IC 3-10-9-4. Except as
- 8 otherwise provided in this chapter, the election is governed by IC 3.
- 9 (g) The certified result of the local public question shall be filed
- 10 with the state board.
- 11 (h) If the majority of the voters voting in an election under this
- 12 section vote "yes" on the question of disannexation, the state board
- 13 shall:
- 14 (1) immediately cause notice of the result to be published in
- 15 the county or counties where the disannexation will take
- 16 place; and
- 17 (2) declare the disannexation final and approve the
- 18 annexation of the territory to the acquiring school
- 19 corporation by adopting a resolution to that effect.
- 20 (i) Notice of the adoption of a resolution under subsection (h)(2)
- 21 must be published at least once in one (1) newspaper of general
- 22 circulation published in the county or counties where the
- 23 disannexation will take place.
- 24 **Sec. 14. (a) A disannexation and subsequent annexation to an**
- 25 **acquiring school corporation under section 12 or 13 of this chapter**
- 26 **take effect on the July 1 following the date of the publication of the**
- 27 **notice in section 12(c) or 13(i) of this chapter by the state board,**
- 28 **except that the disannexed territory is considered part of the**
- 29 **acquiring school corporation for purposes of determining budgets,**
- 30 **property tax rates, and property tax levies beginning with the**
- 31 **acquiring school corporation's budget year beginning on the**
- 32 **January 1 immediately following the July 1 effective date of the**
- 33 **disannexation.**
- 34 (b) Except as provided in subsection (c), the relinquishing school
- 35 corporation and taxpayers of the disannexed territory remain
- 36 liable for any indebtedness of the relinquishing school corporation
- 37 in effect on the date the disannexation is effective under this
- 38 chapter. The amount of outstanding indebtedness for which
- 39 taxpayers of the disannexed territory that has been transferred
- 40 remain liable under this section consists of the portion of
- 41 indebtedness that is in the same proportion as the assessed
- 42 valuation of the real property in the disannexed territory bears to



1 the assessed valuation of all the real property in the relinquishing
 2 school corporation, as determined for the last assessment date
 3 before the disannexation occurs. The department of local
 4 government finance shall determine the amount, if any, of
 5 outstanding indebtedness for which taxpayers of the disannexed
 6 territory that has been transferred remain liable under this section.
 7 The disannexed territory constitutes a special taxing district for
 8 only the purposes of imposing and collecting a property tax levy for
 9 payment of the amount of the disannexed territory's portion of the
 10 outstanding indebtedness. The relinquishing school corporation
 11 shall each year impose and collect the property tax levy in the
 12 disannexed territory in an amount determined by the department
 13 of local government finance to be used only for payment of the
 14 disannexed territory's portion of the outstanding indebtedness.

15 (c) After a disannexation is effective under this chapter, the
 16 following apply to debt incurred by the relinquishing school
 17 corporation during the period beginning on the date on which a
 18 resolution is adopted by an acquiring school corporation under
 19 section 9 of this chapter and ending on the date the disannexation
 20 is effective under subsection (a):

21 (1) The acquiring school corporation to which the territory is
 22 transferred is not liable for and is not required to pay any
 23 part of that indebtedness.

24 (2) A property tax may not be imposed on the taxpayers of the
 25 transferred territory to pay any part of that indebtedness.

26 (3) The territory that is transferred does not constitute a
 27 special taxing district for purposes of paying any part of that
 28 indebtedness.

29 **Sec. 15.** If the relinquishing school corporation owns a building
 30 that is located within the territory to be disannexed that:

31 (1) is not used in whole or in part for classroom instruction at
 32 the time a disannexation is initiated; and

33 (2) was previously used for classroom instruction;

34 the relinquishing school corporation shall comply with
 35 IC 20-26-7.1, including making the building available for lease, for
 36 one dollar (\$1) per year, or purchase, for one dollar (\$1), to any
 37 charter school or neighboring school corporation, before the
 38 relinquishing school corporation may sell or exchange the building
 39 in accordance with IC 20-25-4-14, IC 20-26-5-4(a)(7), or
 40 IC 20-26-7-1.

41 **Sec. 16.** (a) Within sixty (60) days after the date of the
 42 publication of a notice in section 12(c) or 13(i) of this chapter by



1 the state board, the governing body of the acquiring school
 2 corporation shall adopt a plan determining the manner in which
 3 the governing body of the newly formed school corporation shall
 4 be constituted. The plan shall be adopted in accordance with the
 5 requirements and procedures of IC 20-23-8, except as set out in
 6 subsection (b).

7 (b) The adoption of a plan by the governing body in accordance
 8 with IC 20-23-8-10 and its submission to the state board under
 9 IC 20-23-8-15 are the only procedures required when an existing
 10 plan is changed as follows:

11 (1) All governing body members are elected at large, and
 12 there are no governing body member residency districts.

13 (2) Governing body members are elected from governing
 14 body member residency districts, and the annexed territory
 15 is added to or deleted from one (1) or more districts.

16 (3) A governing body member is appointed from a given area
 17 or district, and the annexed territory is added to or deleted
 18 from one (1) or more districts or areas.

19 (4) A governing body member is elected solely by the voters in
 20 a school governing body member district, but the addition or
 21 deletion of the annexed territory to or from an existing
 22 district does not constitute a denial of equal protection of the
 23 laws.

24 If a school corporation elects or appoints members of its governing
 25 body both from a school governing body member district
 26 encompassing the entire school corporation and from smaller
 27 districts, the governing body of the acquiring school corporation
 28 shall add the annexed territory both to the district consisting of the
 29 entire school corporation and to one (1) or more smaller districts.
 30 In a comparable situation, the relinquishing school corporation
 31 shall delete the annexed territory both from the district consisting
 32 of the entire school corporation and from any smaller district or
 33 districts. The change in the plan becomes effective upon its
 34 approval by the state board. The application of this subsection does
 35 not limit the initiation of, or further changes in, any plan under
 36 IC 20-23-8.

37 Sec. 17. A disannexation that takes effect under this chapter
 38 during the period of the pilot program remains in effect after the
 39 expiration of the pilot program.

40 Sec. 18. Before July 1, 2022, the state board shall report any
 41 data and information gathered from the pilot program to the
 42 legislative council in an electronic format under IC 5-14-6.



1 **Sec. 19. This chapter expires July 1, 2022.**



REPORT OF THE PRESIDENT
PRO TEMPORE

Madam President: Pursuant to Senate Rule 68(b), I hereby report that Senate Bill 425, currently assigned to the Committee on Education and Career Development, be reassigned to the Committee on Tax and Fiscal Policy.

BRAY

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 425, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 425 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 11, Nays 0

