

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6967**

**BILL NUMBER:** HB 1072

**NOTE PREPARED:** Jan 27, 2022

**BILL AMENDED:** Jan 26, 2022

**SUBJECT:** School Referendum Levies.

**FIRST AUTHOR:** Rep. Behning

**FIRST SPONSOR:** Sen. Buchanan

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that a school corporation must distribute a portion of revenue received from a school operating referendum tax levy or school safety referendum levy to each charter school in which students who receive not more than 50% virtual instruction and who have legal settlement in the school corporation attend.

The bill provides that if a charter school receives a distribution from a school corporation from a school corporation tax levy or a school safety referendum tax levy, the charter school must post the certain information on the charter school's Internet web site. It also provides that a charter school that may receive money from a school corporation's tax levy or a school safety referendum tax levy may not promote a position on a referendum in the same manner as a school corporation is prohibited from promoting a position on a referendum.

This bill provides that the governing body of a school corporation in which 10% or more of the school corporation's school buildings are occupied in whole or part by:

- (1) one or more innovation network schools; or
- (2) one or more participating innovation network charter schools;

may sell a closed, unused, or unoccupied school building without first offering the school building to a charter school or state educational institution.

The bill makes conforming amendments.

**Effective Date:** Upon passage; July 1, 2022.

**Explanation of State Expenditures:** The bill requires the Department of Education (DOE) to provide school corporations that have a qualifying operating or school safety referendum levy with a projection of the number of students residing within the school district that will attend a non-virtual charter school. The bill also requires the Department of Local Government Finance to prescribe the methodology the DOE must use to make the projection. These are minor workload increases for the agencies that would be completed with existing staff and resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Referenda Levy Distributions:* Under the bill, operating or school safety referenda levies for which a resolution is adopted in FY 2023 or later would be shared between the school corporation and any nonvirtual charter schools that have non-virtual students that live in the school district. The distribution a charter school would receive from a given operating or school safety referendum levy would be proportional to the percentage of the students that live within the school corporation's boundaries that attend the charter school and receive their education in a non-virtual environment. The fiscal impact on charter schools and school corporations will be dependent upon which school corporations pass or extend referenda in the future, ADM shifts between school corporations and charter schools, and the tax rates imposed. The bill provides a cap on the portion of a referendum levy that would be distributed to charter schools. That cap is set to 110% of the amount that was projected to be distributed to charter schools in the projection by the DOE.

*Indianapolis Public Schools (IPS):* Current law requires school corporations to offer to sell or lease the school corporation's vacant school buildings that were previously used for classroom instruction to charter schools and state educational institutions for \$1 or a \$1 annual lease. Under the bill, the requirement would not apply to IPS. The bill could increase IPS' revenue from selling vacant school buildings. The total impact is dependent upon the number of school buildings that would have been purchased or leased for \$1 by a charter school or state educational institution under current law and the revenue generated from selling those buildings under the bill.

*Spending Plan:* School corporations must create a referendum levy spending plan under current law. The bill would require school corporations to include in the plan scenarios in which the amount distributed to charter schools exceeds or are lower than projected. This is a minor workload increase.

*Charter School Website Requirement:* The bill requires a charter school that receives a distribution from a referendum to post on its website the specific purpose(s) for which the money will be used and an estimate of the annual dollar amounts for each specified purpose. The minor workload increase will be completed with existing staff and resources.

**Additional Information-** Using student level FY 2021 ADM data, LSA simulated what the bill's impact would have been on existing school operating and school safety referenda levies in 2021 if the bill had been in place. In 2021, there were a combined 67 school operating or safety referenda levies. If school corporations were required to distribute a portion of their levies to nonvirtual charter schools, charter schools would have received an estimated \$26.6 M of the \$402.8 M certified referenda levies.

**State Agencies Affected:** Department of Education; Department of Local Government Finance.

**Local Agencies Affected:** School corporations; Charter schools.

**Information Sources:** LSA education database; LSA property tax database.

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