

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6483
BILL NUMBER: SB 148

NOTE PREPARED: Dec 11, 2024
BILL AMENDED:

SUBJECT: Loans from the Common School Fund.

FIRST AUTHOR: Sen. Spencer
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill extends by three years provisions that apply with regard to an extension of the term of loans or advances from the Common School Fund for the Gary Community School Corporation, which are set to expire on January 1, 2025. The bill reinstates the provisions in a new section of the Indiana Code with an extended expiration date of January 1, 2028.

Effective Date: January 1, 2025 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues: Provisions in this bill allow the Distressed Unit Appeal Board (DUAB) to suspend Gary Community School Corporation’s (GCSC) Common School Loan payments until January 1, 2028. To the extent this occurs, Common School Fund revenue could decrease in the short term. These loans would still be paid in full, but could be delayed by up to three years.

Additional Information - Existing statute allows DUAB to suspend GCSC’s Common School Loan payments until January 1, 2025. GCSC currently has the payments for nine of their Common School Loans suspended by DUAB. The following table summarizes the short term revenue decrease if these payment suspensions are extended until January 1, 2028. However, the impact to state revenue is ultimately dependent on which, if any, of GCSC’s Common School Loan payments are suspended and the length of the suspensions.

Fiscal Year	Common School Fund Revenue Decrease
2025	\$2.7 M
2026	\$5.5 M
2027	\$5.5 M
2028	\$2.7 M

Explanation of Local Expenditures:

Explanation of Local Revenues: Currently, the Department of Education withholds a portion of a school corporation's state tuition support distribution to pay off the school's Common School loans. The bill may provide a short-term increase to GCSC's state tuition support revenue if DUAB suspends any of GCSC's Common School loan payments past January 2025. [The bill requires payments to resume on or before January 2028.] The impact to GCSC's revenue is dependent on state action. [See *Explanation of State Revenues.*]

State Agencies Affected: Distressed Unit Appeal Board.

Local Agencies Affected: Gary Community School Corporation.

Information Sources: Distressed Unit Appeal Board.

Fiscal Analyst: Kelan Fong, 317-232-9592.