COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 358, 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:

1	Replace the effective date in SECTION 7 with "[EFFECTIVE
2	UPON PASSAGE]".
3	Page 1, delete lines 1 through 17, begin a new paragraph and insert:
4	"SECTION 1. IC 20-26-7.1-1, AS ADDED BY P.L.270-2019,
5	SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6	UPON PASSAGE]: Sec. 1. This chapter does not apply to a the
7	following:
8	(1) A school building that on has since July 1, 2011, is been
9	continuously leased or loaned by the school corporation that
10	owns the school building to another an entity if the entity that is
11	not a building corporation or other entity that is related in any way
12	to, or created by, the school corporation or the governing body.
13	(2) A school building that is the only building owned by a
14	school corporation.
15	(3) A school building that is vacant as a result of consolidation
16	of two (2) or more school corporations.
17	SECTION 2. IC 20-26-7.1-1.5 IS ADDED TO THE INDIANA
18	CODE AS A NEW SECTION TO READ AS FOLLOWS
19	[EFFECTIVE UPON PASSAGE]: Sec. 1.5. As used in this chapter,
20	"authorizer" has the meaning set forth in IC 20-24-1-2.5.

1 SECTION 3. IC 20-26-7.1-2, AS ADDED BY P.L.270-2019, 2 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 3 UPON PASSAGE]: Sec. 2. As used in this chapter, "charter school" 4 has the meaning set forth in IC 20-24-1-4 and includes an entity that 5 has filed an application with an authorizer and is seeking approval from 6 the authorizer to operate a charter school under IC 20-24-3. 7 organization" means an entity that: 8 (1) operates a charter school (as defined in IC 20-24-1-4); 9 (2) has submitted a proposal to an authorizer seeking 10 approval to establish a charter school under IC 20-24; or 11 (3) has filed with an authorizer a letter of intent to operate a 12 charter school. 13 SECTION 4. IC 20-26-7.1-2.5 IS ADDED TO THE INDIANA 14 CODE AS A NEW SECTION TO READ AS FOLLOWS 15 [EFFECTIVE UPON PASSAGE]: Sec. 2.5. As used in this chapter, 16 "underutilized" means a school building in which the number of 17 students enrolled in the school is less than fifty percent (50%) of 18 the number of students enrolled at the highest enrollment for the 19 building, as reported by the department. 20 SECTION 5. IC 20-26-7.1-3, AS AMENDED BY P.L.92-2020, 21 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 22 UPON PASSAGE]: Sec. 3. (a) This subsection applies to any school 23 building that: 24 (1) is owned by a school corporation; and 25 (2) has at any time been used for classroom instruction. 26 Before a governing body school corporation may sell, or exchange, 27 lease, demolish, hold without operating, or dispose of a school 28 building, described in this section in accordance with IC 20-25-4-14, 29 IC 20-26-5-4(a)(7), or IC 20-26-7-1, and except as provided in this 30 chapter, a governing body the school corporation shall make the 31 building available for lease or purchase to any by a charter school any 32 school building owned by the school corporation or any other entity 33 that is related in any way to, or created by, the school corporation or the 34 governing body, including but not limited to a building corporation, 35 that: 36 (1) is vacant or unused; and 37 (2) was previously used for classroom instruction; 38 in order for the charter school to conduct kindergarten through grade 39 12 classroom instruction. organization in accordance with this chapter. 4041 (b) The following are not required to comply with the requirements 42 provided in section 4 of this chapter:

1	(1) A governing body school corporation that vacates a school
2	building in order to:
3	(A) renovate the school building for future use by the school
4	corporation; or
5	(B) demolish the school building and build a new school
6	building on the same site as the demolished building.
7	(2) An emergency manager of a distressed school corporation
8	under IC 6-1.1-20.3.
9	(3) The governing body of the School City of East Chicago school
10	corporation for the Carrie Gosch Elementary School building.
11	(4) A school corporation that uses at least fifty percent (50%)
12	of a school building for:
13	(A) storage;
14	(B) administrative use;
15	(C) a preschool;
16	(D) alternative education;
17	(E) a school health clinic; or
18	(F) any combination of clauses (A) through (E);
19	and the school corporation does not own any other building
20	that can accommodate the uses described in clauses (A)
21	through (F) for which the school building is being used.
22	(5) A school corporation that:
23	(A) has an underutilized school building; and
24	(B) does not own another building with sufficient capacity
25	to receive the number of students enrolled at the
26	underutilized school building.
27	(c) Notwithstanding subsection (a), a lease entered into by a
28	governing body school corporation under IC 20-26-5-4(a)(7) prior to
29	July 1, 2019, with a state accredited nonpublic school shall remain in
30	full force and effect. In addition, the governing body school
31	corporation may, during or at the expiration of the term of such lease,
32	sell the school building leased under IC 20-26-5-4(a)(7) to the
33	nonpublic school at a purchase price mutually agreed to by the
34	governing body school corporation and the nonpublic school.
35	SECTION 6. IC 20-26-7.1-4, AS AMENDED BY THE
36	TECHNICAL CORRECTIONS BILL OF THE 2021 GENERAL
37	ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38	UPON PASSAGE]: Sec. 4. (a) Not later than ten (10) thirty (30) days
39	after passing the date a school corporation passes a resolution or
40	taking takes other official action to close, no longer use, or no longer
41	occupy a school building that was previously used for classroom
42	instruction, the governing body school corporation shall:

1	(1) notify the department of the official action and the effective
2	date that the school building will be closed, no longer used, or no
3	longer occupied;
4	(2) make the school building available for inspection by a charter
5	school organization that notifies provides, not later than sixty
6	(60) days after the date the charter organization receives a
7	notice under subsection (b), preliminary notice to the
8	department and the school corporation that it the charter
9	organization is interested in leasing or purchasing the school
10	building; described under section 3 of this chapter; and
11	(3) make the following information available to a charter school
12	organization described in subdivision (2):
13	(A) Estimates of the operating expenses for the school
14	building for the past three (3) years.
15	(B) A copy of any building maintenance records.
16	(B) (C) Written information regarding the condition of the
17	building, including the age of the roof and the HVAC system,
18	and any known conditions which, in the governing body's
19	school corporation's opinion, require prompt repair or
20	replacement.
21	(C) (D) A description of the property as shown on the current
22	tax statement. legal description.
23	(E) A copy of any available:
24	(i) building drawings and floor plans; and
25	(ii) property surveys.
26	(b) Within five (5) Not later than ten (10) days of receiving after
27	the date the department receives the notice under subsection (a)(1),
28	the department shall:
29	(1) provide written notification of the availability of a school
30	building to:
31	(A) each charter school located in a county in which the
32	school corporation is located;
33	(B) each charter school authorizer (excluding school
34	corporation authorizers as defined in IC 20-24-1-2.5(1)); and
35	(C) all statewide organizations representing charter schools in
36	Indiana; of the school corporation's resolution or official action
37	described in subsection (a), including and
38	(2) post on the department's Internet web site the written
39	notification described in subdivision (1) and include the date
40	when on which the school building will close, no longer be used,
41	or become vacant.
42	(c) The school corporation shall lease the school building to a
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1	charter school for one dollar (\$1) per year for as long as the charter
2	school uses the school building for classroom instruction for a term at
3	the charter school's discretion, or sell the school building for one dollar
4	(\$1), if the charter school does the following:
5	(1) Within thirty (30) days of receiving the department's notice
6	under subsection (b), a charter school must submit a preliminary
7	request to purchase or lease the school building.
8	(2) Subject to subsection (d), within ninety (90) days of receiving
9	the department's notice under subsection (b), a charter school
10	must submit to the school corporation the following information:
11	(A) The name of the charter school that is interested in leasing
12	or purchasing the vacant or unused school building.
13	(B) A time frame, which may not exceed two (2) years from
14	the date that the school building is to be closed, no longer
15	used, or no longer occupied, in which the charter school
16	intends to begin providing classroom instruction in the vacant
17	or unused school building.
18	(C) A resolution, adopted by the board of the charter school
19	stating that the board has determined that, after the charter
20	school has made any necessary repairs or modifications, the
21	school building will be sufficient to meet the charter school's
22	needs and can be operated within the charter school'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	(c) Until the time that a charter organization leases or acquires
40	a school building or the charter organization's rights in a school
41	building are waived under this chapter, a school corporation shall
42	be:

1	(1) responsible for maintenance of a building described in this
2	chapter, including protection against fire, theft, and weather
3	conditions;
4	(2) responsible for completing any repairs necessary to
5	restore the building to the same condition that the building
6	was in on the last day of classroom instruction; and
7	(3) financially responsible for any damage or destruction to
8	the building prior to the charter organization taking
9	possession of the building.
10	(d) A charter organization shall waive all rights regarding a
11	school building described in subsection (a) if the charter
12	organization does not:
13	(1) provide, not later than sixty (60) days after the date the
14	charter organization receives the notice under subsection
15	(b)(1), the preliminary notice of interest to the school
16	corporation as described in subsection (a)(2); and
17	(2) provide, not later than two hundred seventy-five (275)
18	days after the school corporation completes its duties of
19	disclosure relating to the building, written notice to the school
20	corporation that the charter organization intends to lease or
21	buy the building.
22	(e) A school corporation that receives a notice described in
23	subsection (d) from a charter organization regarding a school
24	building shall take all actions necessary on its part to enable the
25	charter organization to:
26	(1) purchase the building for one dollar (\$1); or
27	(2) lease the building for one dollar (\$1) per year, with an
28	option to purchase the building at any time for an additional
29	one dollar (\$1).
30	However, a school building that is subject to mortgage debt may
31	only be leased to a charter organization and not purchased. A
32	school building purchased or leased as described in this subsection
33	must include all personal property used in the operation of the
34	building other than removable furniture.
35	(f) A charter organization may terminate the lease of a school
36	building that is entered into or renewed under this section after
37	June 30, 2021, if the charter organization provides to the school
38	corporation, at least six (6) months before the charter organization
39 40	intends to terminate the lease, written notice that the charter
40 41	organization is terminating the lease.
	(d) (g) If:
42	(1) the department does not receive any preliminary requests

1	notice to purchase or lease a school building within the time
2	frame described in subsection $(c)(1)$ and except as provided in
3	section 7 of this chapter, (d)(1); or
4	(2) a charter organization provided the preliminary notice but
5	has not provided a notice of intent to purchase within the time
6	frame described in subsection (d)(2);
7	the department shall send notification to the school corporation that the
8	department has not received any preliminary requests to purchase or
9	lease the school building. all charter school organization rights to
10	the building under this chapter have been waived. Upon receipt of
11	the notification under this subsection, the school corporation may sell
12	or otherwise dispose of the school building in accordance with
13	IC 36-1-11, IC 20-25-4-14, or I C 20-26-5-4(7). and section 8 of this
14	chapter. IC 20-26-5-4(a)(7).
15	(e) In the event that two (2) or more charter schools submit a
16	preliminary request to purchase or lease a school building within the
17	time frame described in subsection (c)(1), the department shall send
18	notification to an authorizer described in IC 20-24-1-2.5(3) and each
19	statewide charter school authorizer and statewide organization
20	representing charter schools in Indiana (excluding school corporation
21	authorizers as defined in IC 20-24-1-2.5(1)) and the school corporation
22	that the department has received two (2) or more preliminary requests
23	under this section. An authorizer committee shall be established, with
24	each statewide authorizer that has authorized one (1) or more charter
25	schools appointing a representative, and the committee shall establish
26	the chairperson and procedures for the committee. Within sixty (60)
27	days of receiving notice under this subsection, the committee shall
28	select which charter school may proceed under subsection (c)(2) to
29	purchase or lease the school building or determine if two (2) or more
30	charter schools should co-locate within the school building. The
31	committee shall give priority to a charter school located within one (1)
32	mile of the vacant or unused school building. In the event that the
33	committee determines that two (2) or more charter schools should
34	co-locate in the school building and, if applicable, that the combined
35	enrollment of the charter schools will meet or exceed the requirements
36	in subsection $(c)(2)(D)$, the charter schools have sixty (60) days to
37	submit a memorandum of understanding stating that the charter schools
38	shall be jointly and severally liable for the obligations related to the
39	sale or lease of the school building, and specifying how the charter
40	schools will utilize the school building and share responsibility for
41	operational, maintenance, and renovation expenses. If the charter
42	schools are unable to agree, the charter schools shall be deemed to have

1 revoked their prior request regarding the lease or sale of the school 2 building.

3 (f) A school corporation shall lease the school building for one 4 dollar (\$1) per year for as long as the charter school uses the school 5 building for classroom instruction for any combination of kindergarten 6 through grade 12 for a term at the charter school's discretion, or sell the 7 school building to the charter school for one dollar (\$1), if the charter 8 school has met the requirements set forth in subsection (c) and uses the 9 vacant or unused school building to provide classroom instruction to 10 students in any combination of kindergarten through grade 12. If a 11 charter school has not met the requirements under subsection (c), the 12 school corporation may, subject to section 7 of this chapter, sell or 13 otherwise dispose of the school building in accordance with 14 IC 36-1-11, IC 20-25-4-14, IC 20-26-5-4(7), and section 8 of this 15 chapter.

16 (h) If two (2) or more charter organizations submit timely 17 preliminary notices under subsection (d)(1) regarding a school 18 building, the secretary of education shall appoint three (3) 19 authorizers that have no business relationship with the charter 20 organizations that are seeking to lease or purchase the building. 21 The appointed authorizers shall act as a committee to determine 22 which of the charter organizations that have submitted notices as 23 described in this subsection is best able to meet the needs of the 24 students in the locality in which the school building is located. Not 25 later than sixty (60) days after the date that the secretary of 26 education appoints the authorizers under this subsection, the 27 committee of authorizers shall select which charter organization 28 may proceed to purchase or lease the school building.

29 SECTION 7. IC 20-26-7.1-5, AS ADDED BY P.L.270-2019, 30 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 31 UPON PASSAGE]: Sec. 5. (a) If a school building is sold to a charter 32 school organization under section 3 or 4 of this chapter and the charter 33 school, organization, or any subsequent owner, subsequently sells or 34 transfers the school building to a third party, the charter school 35 organization or subsequent owner must transfer an amount equal to 36 the gain in the property minus the adjusted basis (including costs of 37 improvements to the school building) to the school corporation that 38 initially sold the vacant school building to the charter school. 39 organization. Gain and adjusted basis shall be determined in the 40manner prescribed by the Internal Revenue Code and the applicable 41 Internal Revenue Service regulations and guidelines. 42

(b) A charter school organization that purchases a school building

1 assumes total control of the school building and must maintain the 2 school building, including utilities, insurance, maintenance, and 3 repairs. In the event a charter school organization does not use the 4 school building for classroom instruction within two (2) years after 5 acquiring the school building, the school building shall revert to the 6 school corporation, which may sell or otherwise dispose of the school 7 building under IC 36-1-11. 8 SECTION 8. IC 20-26-7.1-6, AS ADDED BY P.L.270-2019, 9 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 10 UPON PASSAGE]: Sec. 6. During the term of a lease under section 4 11 of this chapter, the charter school organization is responsible for the 12 direct expenses related to the school building leased, including utilities, 13 insurance, maintenance, repairs, and remodeling. If the lease involves 14 co-locating charter schools, the obligations under the lease of the 15 school building shall be joint and several. The school corporation is 16 responsible for any debt incurred for or liens that attached to the school 17 building before the charter school organization leased the school 18 building. 19 SECTION 9. IC 20-26-7.1-7 IS REPEALED [EFFECTIVE UPON 20 PASSAGE]. Sec. 7. (a) As used in this section, "accredited nonpublic 21 school" means a nonpublic school that: 22 (1) has voluntarily become accredited under IC 20-31-4.1; or 23 (2) is accredited by a national or regional accrediting agency that 24 is recognized by the state board. 25 (b) This section applies to a school building with a gross square 26 footage of two hundred thousand (200,000) square feet or less. 27 (c) If the school corporation receives notification from the 28 department that the department has not received any preliminary 29 requests to purchase or lease a vacant or unused school building under 30 section 4(c)(1) of this chapter or a charter school has not met the 31 requirements under section 4(c)(2) or 4(e) of this chapter, the school 32 corporation must sell the school building to an accredited nonpublic 33 school or postsecondary educational institution that sends a letter of 34 intent to the school corporation to purchase the vacant or unused school 35 building for an amount not more than the minimum bid for the vacant 36 or unused school building determined in accordance with IC 36-1-11, 37 or an amount agreed to by both parties. 38 (d) The accredited nonpublic school or postsecondary educational 39 institution must submit its letter of intent to purchase the school 40 building within thirty (30) days of the date the school corporation 41 passes a resolution or takes other official action to close, no longer use, classroom instruction. However, in the event that a charter school has
 submitted a preliminary request to purchase or lease a school building,
 the accredited nonpublic school or postsecondary educational
 institution may send a letter of intent to purchase or lease the school
 building within ninety (90) days of the date that the school corporation
 passed a resolution or took official action to close, no longer use, or no
 longer occupy a school building.

8 (e) Within forty-five (45) days of notice of the minimum bid, the 9 accredited nonpublic school or postsecondary educational institution 10 must provide a binding offer to the school corporation to purchase the 11 property in its current condition and provide a nonrefundable down 12 payment equal to five percent (5%) of the minimum bid or an amount 13 agreed to by both parties. In the event that two (2) or more binding 14 offers are submitted to the school corporation under this subsection, the 15 school corporation may select which offer to accept.

(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
offer, and the delay in closing is not caused by the school corporation
or its representatives, the school corporation may refund the down
payment and sell or otherwise dispose of the school building under
IC 20-25-4-14, IC 20-26-5-4(a)(7), or IC 36-1-11.

SECTION 10. IC 20-26-7.1-8 IS REPEALED [EFFECTIVE UPON
 PASSAGE]. Sec. 8. (a) This section applies to the sale of a vacant or
 unused school building with more than two hundred thousand
 (200,000) gross square feet under IC 36-1-11, as permitted by this
 chapter.

27 (b) In determining whether to accept a proposal to purchase and 28 redevelop the school building and any adjacent property, the governing 29 body must ensure that a charter school that is located within one (1) 30 mile of the site to be redeveloped and has notified the governing body 31 in writing of its interest in locating the charter school on the 32 redeveloped site is provided with the opportunity to lease adequate 33 facilities on the redeveloped site at fifty percent (50%) or less than the 34 current market rate for the redeveloped property or a rate agreed upon 35 by the parties.

36 (c) In the event that a charter school does not enter into a lease for
37 the appropriate facilities as part of the initial development of the school
38 building parcel, this section shall no longer be binding on the school
39 corporation or the purchaser of the property, which shall not be
40 required to make the space available for use by another charter school.
41 SECTION 11. IC 20-26-7.1-9, AS ADDED BY P.L.270-2019,
42 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 UPON PASSAGE]: Sec. 9. If (a) At the request of a school 2 corporation does not comply with the requirements provided in or 3 charter organization, any dispute under this chapter the school 4 corporation shall submit any proceeds from the sale of the vacant 5 school building to the state board to provide grants under the charter 6 school and innovation grant program under IC 20-24-13. is subject to 7 mediation or arbitration. 8 (b) The parties to a dispute under this chapter shall share 9 equally the costs of mediation or arbitration. 10 (c) A charter organization shall have a private right of action to 11 enforce a school corporation to comply with the requirements 12 under this chapter. 13 (d) A charter organization that prevails in a private right of 14 action is entitled to reasonable court costs, costs for arbitration and 15 mediation, and attorney's fees. 16 (e) An action under this chapter may be enforced by 17 injunction.". 18 Delete pages 2 through 6. 19 Page 7, delete lines 1 through 35. 20 Page 7, line 38, delete "in 2022," and insert "with the 2021-2022 21 school year,". 22 Page 8, line 3, delete "The maximum student capacity." and insert 23 "The number of students enrolled at the highest enrollment for the 24 building, as reported by the department.". 25 Page 8, line 6, delete "utilization." and insert "utilization, as 26 determined by dividing the number of students enrolled in the 27 school by the number of students enrolled at the highest enrollment 28 for the building, as reported by the department.". 29 Page 8, delete lines 8 through 42, begin a new line block indented 30 and insert: 31 "(5) If the school corporation requested and was granted a 32 waiver under section 11 of this chapter, information 33 regarding: 34 (A) implementation of the school corporation's plan 35 submitted under section 11 of this chapter; and 36 (B) current use of the school building. 37 SECTION 13. IC 20-26-7.1-11 IS ADDED TO THE INDIANA 38 CODE AS A NEW SECTION TO READ AS FOLLOWS 39 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) If the department 40determines that a school building is underutilized for two (2) 41 consecutive fall ADM counts, the department shall: 42 (1) place the school building in underutilized status; and

1	(2) notify the school corporation that the school corporation
2	is required to offer the building for sale or lease to a charter
3	organization not later than the end of the school year in which
4	the department makes the determination.
5	(b) The department may consider factors other than, or in
6	addition to, a school corporation's report submitted under section
7	10 of this chapter in determining that a school building is
8	underutilized as described in subsection (a).
9	(c) Not later than sixty (60) days after the date that the school
10	corporation receives a notice under subsection (a), the school
11	corporation may submit a request to the department to remove the
12	school building from underutilized status. If a school corporation
13	submits a request under this subsection, the school corporation
14	must submit with the request a plan to bring the building out of
15	underutilized status.
16	(d) If:
17	(1) the school corporation does not submit a request and a
18	plan under subsection (c); or
19	(2) the request is denied by the department;
20	the department shall provide written notice of the availability of
21	the school building as described in section 4(b) of this chapter and
22	the requirements and process under section 4 of this chapter apply
23	to the building.
24	SECTION 14. An emergency is declared for this act.".
25	Delete page 9.
26	Renumber all SECTIONS consecutively.
	(Reference is to SB 358 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 9, Nays 4.