



April 3, 2017

ENGROSSED SENATE BILL No. 196

DIGEST OF SB 196 (Updated April 3, 2017 1:10 pm - DI 113)

Citations Affected: IC 20-48.

Synopsis: School debt service obligations. Provides the following for purposes of the school bond payment intercept statute: (1) The term "debt service obligations" also includes principal and interest payable to a school corporation's designated paying agent under a written agreement entered into in connection with the issuance of a school corporation's general obligation bonds. (2) Upon being notified of a school corporation's failure to pay debt service obligations when due, the treasurer of state shall within five days pay the unpaid debt service obligations that are due from state funds, in an amount equal to the amount of the unpaid debt service obligations that are due to the claimant (but only to the extent that amounts are available to the treasurer of state to fulfill this requirement). (3) The treasurer of state shall provide notice of the request by a claimant to the budget director, the auditor of state, and any department or agency of the state responsible for distributing funds appropriated by the general assembly
(Continued next page)

Effective: Upon passage.

**Kenley, Mishler, Melton,
Randolph Lonnie M, Zakas**
(HOUSE SPONSORS — BROWN T, GOODIN, HUSTON,
CANDELARIA REARDON)

January 4, 2017, read first time and referred to Committee on Rules and Legislative Procedure.

February 20, 2017, amended; reassigned to Committee on Appropriations.

February 23, 2017, amended, reported favorably — Do Pass.

February 27, 2017, read second time, ordered engrossed. Engrossed.

February 28, 2017, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

March 6, 2017, read first time and referred to Committee on Ways and Means.

April 3, 2017, amended, reported — Do Pass.

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Digest Continued

for distribution to the school corporation from state funds, and such a department or agency of the state shall transfer those funds to the treasurer of state for purposes of paying the unpaid debt service obligations. (4) The amounts made available to the treasurer of state for this purpose shall be made from the following sources and in the following order of priority: (A) First, from amounts appropriated by the general assembly for the state fiscal year for distribution to the school corporation from state funds. (B) Second, from any remaining amounts appropriated by the general assembly for distribution for tuition support in each state fiscal year in excess of the aggregate amount of tuition support needed for distribution to school corporations. (C) Third, to the extent that the general assembly has adopted a biennial budget appropriating amounts in the immediately succeeding state fiscal year for distribution to the school corporation from state funds, then from such fund or account, as determined by the state budget director (from which fund or account there is appropriated to the treasurer of state an amount equal to the lesser of: (i) the unpaid debt service obligations not paid from the other sources; or (ii) the amount appropriated by the general assembly for the immediately succeeding state fiscal year for distribution to the school corporation). (5) If any amounts are transferred to the treasurer of state to pay the unpaid debt service obligations of the school corporation, the applicable department or agency shall recover those amounts by deducting an amount equal to the transfer from any future amounts to be distributed to the school corporation from state funds.



April 3, 2017

First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 196

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

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

1 SECTION 1. IC 20-48-1-11, AS AMENDED BY P.L.146-2008,
2 SECTION 525, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) As used in this section,
4 "debt service obligations" refers to the principal and interest payable:
5 ~~during a calendar year~~
6 (1) on a school corporation's general obligation bonds and lease
7 rentals under IC 20-47-2 and IC 20-47-3; **or**
8 (2) **to a school corporation's designated paying agent under a**
9 **written agreement entered into in connection with the**
10 **issuance of the school corporation's general obligation bonds.**
11 (b) Before the end of each calendar year, the department of local
12 government finance shall review the bond and lease rental levies, or
13 any levies that replace bond and lease rental levies, of each school
14 corporation that are payable in the next succeeding **calendar** year and
15 the appropriations from the levies from which the school corporation
16 is to pay the amount, if any, of the school corporation's debt service
17 obligations **for that next succeeding calendar year.** If the levies and

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1 appropriations of the school corporation are not sufficient to pay the
 2 debt service obligations **for the next succeeding calendar year**, the
 3 department of local government finance shall establish for each school
 4 corporation:

- 5 (1) bond or lease rental levies, or any levies that replace the bond
 6 and lease rental levies; and
- 7 (2) appropriations;

8 that are sufficient to pay the debt service obligations **for that next**
 9 **succeeding calendar year.**

10 (c) Upon the failure of a school corporation to pay any of the school
 11 corporation's debt service obligations ~~during a calendar year~~ when due,
 12 the treasurer of state, upon being notified of the failure by a claimant,
 13 shall **within five (5) days, excluding Saturdays, Sundays, and legal**
 14 **holidays**, pay the unpaid debt service obligations that are due from the
 15 funds of the state ~~only to the extent of the amounts appropriated by the~~
 16 ~~general assembly for the calendar year for distribution to the school~~
 17 ~~corporation from state funds, deducting the payment from the~~
 18 ~~appropriated amounts. A deduction under this subsection must be~~
 19 ~~made:~~

- 20 (1) first from all funds except state tuition support; and
- 21 (2) second from state tuition support:

22 **in an amount equal to the amount of the unpaid debt service**
 23 **obligations that are due to the claimant, but only to the extent that**
 24 **amounts described in subsection (d) are available to the treasurer**
 25 **of state to fulfill the requirements of this subsection.**
 26 **Notwithstanding IC 4-13-2-18, IC 20-43-2-1, or any other law,**
 27 **administrative rule, policy, or schedule to the contrary, upon the**
 28 **treasurer of state receiving a request from a claimant as described**
 29 **in this subsection the treasurer of state shall immediately contact**
 30 **the school corporation and the claimant to confirm whether the**
 31 **school corporation is unable to make the required payment on the**
 32 **date on which it is due, and, if confirmed, the treasurer of state**
 33 **shall provide notice of the request to the budget director, the**
 34 **auditor of state, and any department or agency of the state**
 35 **responsible for distributing funds appropriated by the general**
 36 **assembly for distribution to the school corporation from state**
 37 **funds. A department or agency of the state shall, not later than**
 38 **three (3) days after receiving the treasurer of state's notice,**
 39 **excluding Saturdays, Sundays, or legal holidays, transfer the funds**
 40 **and make the funds available to the treasurer of state in order for**
 41 **the treasurer of state to fulfill the obligations of this subsection.**

42 (d) Notwithstanding any other law to the contrary, amounts



1 made available to the treasurer of state for purposes of subsection
 2 (c) shall be made from the following sources, in the following
 3 amounts, and in the following order of priority:

4 (1) First, from amounts appropriated by the general assembly
 5 for the state fiscal year for distribution to the school
 6 corporation from state funds.

7 (2) Second, and to the extent that the amounts described in
 8 subdivision (1) are insufficient, from any remaining amounts
 9 appropriated by the general assembly for distribution for
 10 tuition support in each state fiscal year in excess of the
 11 aggregate amount of tuition support needed for distribution
 12 to school corporations in accordance with the schedule set and
 13 approved in accordance with IC 20-43-2-1.

14 (3) Third, and to the extent that the amounts described in
 15 subdivisions (1) and (2) are insufficient and the general
 16 assembly has adopted a biennial budget appropriating
 17 amounts in the immediately succeeding state fiscal year for
 18 distribution to the school corporation from state funds, then
 19 from such fund or account, as determined by the state budget
 20 director, from which fund or account there is appropriated to
 21 the treasurer of state in the current state fiscal year an
 22 amount equal to the lesser of:

23 (A) the unpaid debt service obligations not paid from
 24 sources described in subdivisions (1) and (2); or

25 (B) the amount appropriated by the general assembly for
 26 the immediately succeeding state fiscal year for
 27 distribution to the school corporation from state funds,
 28 subject to IC 4-13-2-18(i).

29 (e) Notwithstanding any other law to the contrary, if any
 30 amounts are transferred to the treasurer of state under subsection
 31 (c), the applicable department or agency shall recover those
 32 amounts by:

33 (1) deducting an amount equal to the transfer from any future
 34 amounts to be distributed to the school corporation from state
 35 funds appropriated by the general assembly; and

36 (2) transferring any amount deducted under subdivision (1)
 37 to the treasurer of state for the purpose of allowing the
 38 treasurer of state to reimburse the fund or account from
 39 which the transfer was made.

40 (f) A reduction of distributions to a school corporation under
 41 subsection (e) must be made:

42 (1) first, from all funds except state tuition support; and



1 **(2) second, from state tuition support.**
2 ~~(d)~~ **(g)** This section shall be interpreted liberally so that the state
3 shall to the extent legally valid ensure that the debt service obligations
4 of each school corporation are paid. However, this section does not
5 create a debt of the state.
6 **SECTION 2. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 196, 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:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 196 as introduced.)

LONG, Chairperson

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 196, 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:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 20-48-1-11, AS AMENDED BY P.L.146-2008, SECTION 525, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) As used in this section, "debt service obligations" refers to the principal and interest payable: ~~during a calendar year~~

(1) on a school corporation's general obligation bonds and lease rentals under IC 20-47-2 and IC 20-47-3; or

(2) to a school corporation's designated paying agent under a written agreement entered into in connection with the issuance of the school corporation's general obligation bonds.

(b) Before the end of each calendar year, the department of local government finance shall review the bond and lease rental levies, or any levies that replace bond and lease rental levies, of each school corporation that are payable in the next succeeding **calendar** year and

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the appropriations from the levies from which the school corporation is to pay the amount, if any, of the school corporation's debt service obligations **for that next succeeding calendar year**. If the levies and appropriations of the school corporation are not sufficient to pay the debt service obligations **for the next succeeding calendar year**, the department of local government finance shall establish for each school corporation:

- (1) bond or lease rental levies, or any levies that replace the bond and lease rental levies; and
- (2) appropriations;

that are sufficient to pay the debt service obligations **for that next succeeding calendar year**.

(c) Upon the failure of a school corporation to pay any of the school corporation's debt service obligations ~~during a calendar year~~ when due, the treasurer of state, upon being notified of the failure by a claimant, shall **within five (5) days, excluding Saturdays, Sundays, and legal holidays**, pay the unpaid debt service obligations that are due from the funds of the state ~~only to the extent of the amounts appropriated by the general assembly for the calendar year for distribution to the school corporation from state funds, deducting the payment from the appropriated amounts~~. A deduction under this subsection must be made:

- (1) first from all funds except state tuition support; and
- (2) second from state tuition support:

in an amount equal to the amount of the unpaid debt service obligations that are due to the claimant. Notwithstanding IC 4-13-2-18, IC 20-43-2-1, or any other law, administrative rule, policy, or schedule to the contrary, upon the treasurer of state receiving a request from a claimant as described in this subsection the treasurer of state shall immediately contact the school corporation and the claimant to confirm whether the school corporation is unable to make the required payment on the date on which it is due, and, if confirmed, the treasurer of state shall provide notice of the request to the budget director, the auditor of state, and any department or agency of the state responsible for distributing funds appropriated by the general assembly for distribution to the school corporation from state funds. A department or agency of the state shall, not later than three (3) days after receiving the treasurer of state's notice, excluding Saturdays, Sundays, or legal holidays, transfer the funds and make the funds available to the treasurer of state in order for the treasurer of state to fulfill the obligations of this subsection.



(d) Notwithstanding any other law to the contrary, amounts made available to the treasurer of state for purposes of subsection (c) shall be made from the following sources and in the following order of priority:

(1) First, from amounts appropriated by the general assembly for the calendar year for distribution to the school corporation from state funds.

(2) Second, and to the extent that the amounts described in subdivision (1) are insufficient, from any remaining amounts appropriated by the general assembly for distribution for tuition support in each state fiscal year in excess of the aggregate amount of tuition support needed for distribution to school corporations in accordance with the schedule set and approved in accordance with IC 20-43-2-1.

(3) Third, and to the extent that the amounts described in subdivisions (1) and (2) are insufficient, from the state general fund, from which there is appropriated to the treasurer of state an amount sufficient to pay the remaining unpaid debt service obligations that are due to the claimant, subject to IC 4-13-2-18(i).

(e) Notwithstanding any other law to the contrary, if any amounts are transferred to the treasurer of state under subsection (c), the applicable department or agency shall recover those amounts by:

(1) deducting an amount equal to the transfer from any future amounts to be distributed to the school corporation from state funds appropriated by the general assembly; and

(2) transferring any amount deducted under subdivision (1) to the treasurer of state for the purpose of allowing the treasurer of state to reimburse the fund or account from which the transfer was made.

(f) A reduction of distributions to a school corporation under subsection (e) must be made:

(1) first, from all funds except state tuition support; and

(2) second, from state tuition support.

(g) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations



of each school corporation are paid. However, this section does not create a debt of the state."

Page 2, delete lines 1 through 17.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 196 as printed February 21, 2017.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 196, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 20-48-1-11, AS AMENDED BY P.L.146-2008, SECTION 525, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) As used in this section, "debt service obligations" refers to the principal and interest payable: ~~during a calendar year~~

(1) on a school corporation's general obligation bonds and lease rentals under IC 20-47-2 and IC 20-47-3; **or**

(2) to a school corporation's designated paying agent under a written agreement entered into in connection with the issuance of the school corporation's general obligation bonds.

(b) Before the end of each calendar year, the department of local government finance shall review the bond and lease rental levies, or any levies that replace bond and lease rental levies, of each school corporation that are payable in the next succeeding **calendar** year and the appropriations from the levies from which the school corporation is to pay the amount, if any, of the school corporation's debt service obligations **for that next succeeding calendar year**. If the levies and appropriations of the school corporation are not sufficient to pay the debt service obligations **for the next succeeding calendar year**, the department of local government finance shall establish for each school corporation:

(1) bond or lease rental levies, or any levies that replace the bond and lease rental levies; and

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(2) appropriations;
that are sufficient to pay the debt service obligations **for that next succeeding calendar year.**

(c) Upon the failure of a school corporation to pay any of the school corporation's debt service obligations ~~during a calendar year~~ when due, the treasurer of state, upon being notified of the failure by a claimant, shall **within five (5) days, excluding Saturdays, Sundays, and legal holidays**, pay the unpaid debt service obligations that are due from the funds of the state ~~only to the extent of the amounts appropriated by the general assembly for the calendar year for distribution to the school corporation from state funds, deducting the payment from the appropriated amounts.~~ A deduction under this subsection must be made:

(1) first from all funds except state tuition support; and

(2) second from state tuition support:

in an amount equal to the amount of the unpaid debt service obligations that are due to the claimant, but only to the extent that amounts described in subsection (d) are available to the treasurer of state to fulfill the requirements of this subsection. Notwithstanding IC 4-13-2-18, IC 20-43-2-1, or any other law, administrative rule, policy, or schedule to the contrary, upon the treasurer of state receiving a request from a claimant as described in this subsection the treasurer of state shall immediately contact the school corporation and the claimant to confirm whether the school corporation is unable to make the required payment on the date on which it is due, and, if confirmed, the treasurer of state shall provide notice of the request to the budget director, the auditor of state, and any department or agency of the state responsible for distributing funds appropriated by the general assembly for distribution to the school corporation from state funds. A department or agency of the state shall, not later than three (3) days after receiving the treasurer of state's notice, excluding Saturdays, Sundays, or legal holidays, transfer the funds and make the funds available to the treasurer of state in order for the treasurer of state to fulfill the obligations of this subsection.

(d) Notwithstanding any other law to the contrary, amounts made available to the treasurer of state for purposes of subsection (c) shall be made from the following sources, in the following amounts, and in the following order of priority:

(1) First, from amounts appropriated by the general assembly for the state fiscal year for distribution to the school corporation from state funds.



(2) Second, and to the extent that the amounts described in subdivision (1) are insufficient, from any remaining amounts appropriated by the general assembly for distribution for tuition support in each state fiscal year in excess of the aggregate amount of tuition support needed for distribution to school corporations in accordance with the schedule set and approved in accordance with IC 20-43-2-1.

(3) Third, and to the extent that the amounts described in subdivisions (1) and (2) are insufficient and the general assembly has adopted a biennial budget appropriating amounts in the immediately succeeding state fiscal year for distribution to the school corporation from state funds, then from such fund or account, as determined by the state budget director, from which fund or account there is appropriated to the treasurer of state in the current state fiscal year an amount equal to the lesser of:

(A) the unpaid debt service obligations not paid from sources described in subdivisions (1) and (2); or

(B) the amount appropriated by the general assembly for the immediately succeeding state fiscal year for distribution to the school corporation from state funds, subject to IC 4-13-2-18(i).

(e) Notwithstanding any other law to the contrary, if any amounts are transferred to the treasurer of state under subsection (c), the applicable department or agency shall recover those amounts by:

(1) deducting an amount equal to the transfer from any future amounts to be distributed to the school corporation from state funds appropriated by the general assembly; and

(2) transferring any amount deducted under subdivision (1) to the treasurer of state for the purpose of allowing the treasurer of state to reimburse the fund or account from which the transfer was made.

(f) A reduction of distributions to a school corporation under subsection (e) must be made:

(1) first, from all funds except state tuition support; and

(2) second, from state tuition support.

(g) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each school corporation are paid. However, this section does not create a debt of the state."



Delete page 2.

Page 3, delete lines 1 through 36.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 196 as printed February 24, 2017.)

BROWN T

Committee Vote: yeas 20, nays 0.

