

# SENATE BILL No. 421

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-23.

**Synopsis:** School corporation disannexation. Creates a process by which a township that is part of an existing school corporation can elect to disannex from that school corporation and annex to another existing school corporation.

**Effective:** July 1, 2019.

---

---

## Bohacek

---

---

January 14, 2019, read first time and referred to Committee on Tax and Fiscal Policy.

---

---



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

## SENATE BILL No. 421

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 20-23-5-0.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2019]: **Sec. 0.5. This chapter does not limit the ability of a school**  
4 **corporation to proceed in a disannexation under IC 20-23-5.5.**

5 SECTION 2. IC 20-23-5-6, AS ADDED BY P.L.1-2005, SECTION  
6 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
7 2019]: Sec. 6. As used in this chapter, "school corporation" means:

- 8 (1) a school corporation created under ~~IC 20-23-4~~; and
- 9 (2) any other school corporation established under any other  
10 statute of the state of Indiana, which has common boundaries with  
11 any school corporation or corporations formed under ~~IC 20-23-4~~.

12 **has the meaning set forth in IC 20-18-2-16(a). However,** the term  
13 does not include any public school corporation located in whole or any  
14 part in a county containing a consolidated city.

15 SECTION 3. IC 20-23-5.5 IS ADDED TO THE INDIANA CODE  
16 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
17 JULY 1, 2019]:



1           **Chapter 5.5. Annexation and Disannexation of a Township**

2           **Sec. 1. This chapter does not limit the ability of a school**  
3 **corporation to proceed in an annexation under IC 20-23-5.**

4           **Sec. 2. As used in this chapter, "acquiring school corporation"**  
5 **means a school corporation that acquires territory as a result of**  
6 **disannexation.**

7           **Sec. 3. As used in this chapter, "annex", "annexing",**  
8 **"annexation", and "school annexation" mean any action whereby**  
9 **the boundaries of an acquiring school corporation are changed so**  
10 **that additional territory, constituting all or part of any one (1) or**  
11 **more relinquishing school corporations, is transferred to the**  
12 **acquiring school corporation.**

13           **Sec. 4. As used in this chapter, "disannex", "disannexing",**  
14 **"disannexation", and "school disannexation" mean any action**  
15 **whereby:**

16           (1) **the boundaries of a school corporation are changed by**  
17 **removing territory from a relinquishing school corporation;**  
18 **and**

19           (2) **the territory is transferred to an acquiring school**  
20 **corporation by annexation.**

21           **Sec. 5. As used in this chapter, "relinquishing school**  
22 **corporation" means a school corporation that relinquishes**  
23 **territory to an acquiring school corporation by disannexation.**

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

26           **Sec. 7. As used in this chapter, "territory" means the entire**  
27 **territory of one (1) or more townships.**

28           **Sec. 8. Territory may be disannexed from a school corporation**  
29 **under this chapter.**

30           **Sec. 9. (a) Subject to approval of a plan described in subsection**  
31 **(c), a disannexation may be initiated by the adoption of a**  
32 **substantially identical disannexation resolution by:**

33           (1) **an acquiring school corporation's governing body; and**  
34           (2) **the fiscal body of the township that is to be disannexed,**  
35 **with approval of the township executive.**

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

38           (1) **The name of the school corporation from which the**  
39 **territory is to be disannexed.**

40           (2) **A description of the territory to be disannexed.**

41           (3) **The name of the acquiring school corporation.**

42           (4) **The date the disannexation takes place.**



1           **(5) Any terms and conditions facilitating education of students**  
 2           **in the acquiring school corporation.**

3           **(c) The resolution must be supported by a plan for the**  
 4           **organization of the acquiring school corporation that includes the**  
 5           **following information:**

6           **(1) The willingness and ability of the acquiring school**  
 7           **corporation to accommodate and provide efficient and**  
 8           **adequate educational opportunity to students from the**  
 9           **territory.**

10          **(2) Proposed disposition of assets and liabilities of the**  
 11          **relinquishing school corporation to the acquiring school**  
 12          **corporation.**

13          **(3) Proposed allocation between the acquiring and**  
 14          **relinquishing school corporations of subsequently collected**  
 15          **school taxes levied on property in the annexed territory.**

16          **(4) Proposed amount, if any, to be paid by the acquiring**  
 17          **school corporation to the relinquishing school corporation on**  
 18          **account of property received from the relinquishing school**  
 19          **corporation.**

20          **(5) Additional information as required by the state board.**

21          **Dispositions, allocations, and amounts transferred under this**  
 22          **subsection must be equitable, as determined by the state board.**  
 23          **Dispositions, allocations, and amounts transferred shall be**  
 24          **considered equitable if the plan is approved by the state board**  
 25          **under section 10(a)(4) of this chapter.**

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

27               **(1) the resolution; and**

28               **(2) the plan for the organization of the acquiring school**  
 29               **corporation;**

30          **must be filed with the state board.**

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

32               **(1) receive and examine each resolution and plan submitted**  
 33               **under section 9 of this chapter and approve each plan that**  
 34               **meets the standards of the state board;**

35               **(2) adopt a set of minimum considerations for a plan that**  
 36               **include:**

37                   **(A) ensuring efficient and adequate educational**  
 38                   **opportunities for all students of the acquiring school**  
 39                   **corporation and relinquishing school corporation;**

40                   **(B) the interests of the local community;**

41                   **(C) the effects on the community as a whole; and**

42                   **(D) the economic interests of the community related to**



- 1           **changing the boundaries of the school corporations;**  
 2           **(3) not later than ninety (90) days after receipt of a plan, hold**  
 3           **a public hearing in the county in which the largest part of the**  
 4           **territory to be disannexed is located to allow residents of the**  
 5           **affected territory to testify; and**  
 6           **(4) not later than sixty (60) days after the public hearing:**  
 7               **(A) approve or disapprove in writing all or part of the**  
 8               **plan; and**  
 9               **(B) notify in writing, by certified mail with return receipt**  
 10              **requested, the acquiring school corporation, the**  
 11              **relinquishing school corporation, and the fiscal body of the**  
 12              **township.**
- 13           **(b) The state board is not required to hold a public hearing on**  
 14           **a plan that does not meet the minimum considerations required by**  
 15           **the state board unless the state board waives the attainment of a**  
 16           **minimum consideration. If the state board determines a plan does**  
 17           **not meet the minimum considerations required, the state board**  
 18           **shall notify in writing, by certified mail with return receipt**  
 19           **requested, the acquiring school corporation and the fiscal body of**  
 20           **the township.**
- 21           **Sec. 11. (a) If the state board approves the plan under section**  
 22           **10(a)(4) of this chapter, the acquiring school corporation and fiscal**  
 23           **body of the township proposed to be disannexed may:**
- 24               **(1) within sixty (60) days of the state board approval of the**  
 25               **plan, file a petition signed by at least fifty-one percent (51%)**  
 26               **of the registered voters residing in the territory proposed to**  
 27               **be disannexed with the clerk of the circuit court of the county**  
 28               **or counties in which the territory proposed to be disannexed**  
 29               **is located under section 12 of this chapter; or**  
 30               **(2) after approval of the plan, request that the state board**  
 31               **certify the approved plan to the clerk of the circuit court of**  
 32               **the county or counties in which the territory proposed to be**  
 33               **disannexed is located under section 13 of this chapter. The**  
 34               **state board shall certify the approved plan to the clerk of the**  
 35               **circuit court of the county or counties in which the territory**  
 36               **proposed to be disannexed is located under section 13 of this**  
 37               **chapter.**
- 38           **(b) If a petition described in subsection (a)(1) is not filed within**  
 39           **sixty (60) days of the state board approval of the plan and a request**  
 40           **for certification under subsection (a)(2) has not already been made,**  
 41           **the state board shall certify the approved plan to the clerk of the**  
 42           **circuit court of the county or counties in which the territory**



1 proposed to be disannexed is located under section 13 of this  
2 chapter.

3 Sec. 12. (a) If a petition described in section 11(a)(1) of this  
4 chapter is to be filed with the clerk of the circuit court of the  
5 county or counties in which the territory proposed to be  
6 disannexed is located, the clerk of the circuit court shall make a  
7 certification under the clerk's hand and seal of the clerk's office as  
8 to whether the petition is signed by at least fifty-one percent (51%)  
9 of the registered voters residing in the territory proposed to be  
10 disannexed.

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

15 (1) immediately cause notice of the result to be published in  
16 the county or counties where the disannexation will take  
17 place; and

18 (2) declare the disannexation final and approve the  
19 annexation of the territory to the acquiring school  
20 corporation by adopting a resolution to that effect.

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

25 Sec. 13. (a) If a petition is not filed as described in section  
26 11(a)(1) of this chapter, or following a request described in section  
27 11(a)(2) of this chapter, the state board shall certify the approved  
28 plan to the clerk of the circuit court of the county or counties in  
29 which the territory proposed to be disannexed is located.

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

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

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

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

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

39 If a territory proposed to be disannexed includes only part of a  
40 voting precinct, the clerk of the circuit court shall ascertain, from  
41 any means available, the number of registered voters residing in  
42 the part of the voting precinct that is within the territory proposed



- 1 to be disannexed.
- 2 (c) The clerk of the circuit court shall do the following:
- 3 (1) Certify to the county election board the public question of
- 4 whether the disannexation should take place.
- 5 (2) Order the county election board to place the following
- 6 question on the ballot in the territory of the proposed
- 7 disannexation:
- 8 "Shall \_\_\_\_\_ (insert the name of the territory) be
- 9 transferred from \_\_\_\_\_ (insert the relinquishing
- 10 school corporation) to \_\_\_\_\_ (insert the acquiring
- 11 school corporation)?".
- 12 (d) The county election board shall place the question set forth
- 13 in subsection (c)(2) on the ballot for the next primary election or
- 14 general election under IC 3-10-9 as a local public question.
- 15 (e) The county election board, under IC 5-3-1, shall give notice
- 16 of the public question on the ballot at the primary election or
- 17 general election. The notice must:
- 18 (1) clearly state that the election is being held to provide the
- 19 registered voters an opportunity to approve or reject a
- 20 proposal for the disannexation of territory from an existing
- 21 school corporation;
- 22 (2) state the name of the existing school corporation to which
- 23 the territory is proposed to be annexed; and
- 24 (3) designate the date, time, and voting place or places at
- 25 which the election will be held.
- 26 (f) The county election board shall place the public question on
- 27 the ballot in the form prescribed by IC 3-10-9-4. Except as
- 28 otherwise provided in this chapter, the election is governed by IC 3.
- 29 (g) The certified result of the local public question shall be filed
- 30 with the state board.
- 31 (h) If the majority of the voters voting in an election under this
- 32 section vote "yes" on the question of disannexation, the state board
- 33 shall:
- 34 (1) immediately cause notice of the result to be published in
- 35 the county or counties where the disannexation will take
- 36 place; and
- 37 (2) declare the disannexation final and approve the
- 38 annexation of the territory to the acquiring school
- 39 corporation by adopting a resolution to that effect.
- 40 (i) Notice of the adoption of a resolution under subsection (h)(2)
- 41 must be published at least once in one (1) newspaper of general
- 42 circulation published in the county or counties where the



1       disannexation will take place.

2       **Sec. 14. (a) Except as provided in section 16, a disannexation**  
 3 **and annexation to an existing school corporation under section 12**  
 4 **or 13 of this chapter take effect on the July 1 following the date of**  
 5 **the publication of the notice in section 12(c) or 13(i) of this chapter**  
 6 **by the state board.**

7       **(b) Except as provided in subsection (c), the acquiring school**  
 8 **corporation shall assume a part of all installments of principal and**  
 9 **interest on any indebtedness of the relinquishing school**  
 10 **corporation (other than current obligations or temporary**  
 11 **borrowing) that fall due after the end of the last calendar year in**  
 12 **which the relinquishing school corporation is entitled to receive**  
 13 **current tax receipts from property tax levies on the property of the**  
 14 **disannexed territory. The part that the acquiring school**  
 15 **corporation shall assume consists of the following:**

16       **(1) All installments relating to any indebtedness incurred in**  
 17 **connection with the acquisition or construction of any**  
 18 **building located in the disannexed territory.**

19       **(2) A proportion of all installments relating to any other**  
 20 **indebtedness that is in the same proportion as the valuation of**  
 21 **the real property in the disannexed territory bears to the**  
 22 **valuation of all the real property in the relinquishing school**  
 23 **corporation, as determined for the last assessment date before**  
 24 **the transfer occurs.**

25       **The department of local government finance shall determine the**  
 26 **amount of outstanding indebtedness, if any, for which taxpayers of**  
 27 **the disannexed territory that has been transferred remain liable**  
 28 **under this section.**

29       **(c) After a disannexation is effective under this chapter, the**  
 30 **following apply to debt incurred by the relinquishing school**  
 31 **corporation during the period beginning on the date on which a**  
 32 **resolution is adopted by an acquiring school corporation under**  
 33 **section 9 of this chapter and ending on the date the disannexation**  
 34 **is effective under subsection (a):**

35       **(1) The acquiring school corporation to which the territory is**  
 36 **transferred is not liable for and is not required to pay any**  
 37 **part of that indebtedness.**

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

40       **(3) The territory that is transferred does not constitute a**  
 41 **special taxing district for purposes of paying any part of that**  
 42 **indebtedness.**





1           **Sec. 15. (a) Within sixty (60) days after a disannexation takes**  
 2 **place, the governing body of the acquiring school corporation and**  
 3 **relinquishing school corporation shall adopt a plan determining the**  
 4 **manner in which each governing body shall be constituted. The**  
 5 **plan shall be adopted in accordance with the requirements and**  
 6 **procedures of IC 20-23-8, except as set out in 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. 16. A transfer of territory under this chapter may not take**  
 38 **effect during the year preceding a year in which a federal decennial**  
 39 **census is conducted. A transfer of territory under this chapter that**  
 40 **would otherwise take effect during the year preceding a year in**  
 41 **which a federal decennial census is conducted takes effect January**  
 42 **2 of the year in which the federal decennial census is conducted.**

