



Reprinted
February 26, 2019

SENATE BILL No. 421

DIGEST OF SB 421 (Updated February 25, 2019 5:11 pm - DI 125)

Citations Affected: IC 20-23.

Synopsis: School corporation disannexation. Creates a process by which Greene Township in St. Joseph County can elect to disannex from an existing school corporation and annex to another existing school corporation.

Effective: July 1, 2019.

Bohacek, Mishler, Niezgodski

January 14, 2019, read first time and referred to Committee on Tax and Fiscal Policy.
February 7, 2019, amended, reported favorably — Do Pass.
February 18, 2019, read second time, amended, ordered engrossed.
February 19, 2019, engrossed.
February 21, 2019, returned to second reading.
February 25, 2019, re-read second time, amended, ordered engrossed.

SB 421—LS 7228/DI 125



Reprinted
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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]:

SB 421—LS 7228/DI 125



Chapter 5.5. Annexation and Disannexation of a Township

Sec. 0.5. This chapter applies to a township having a population of more than three thousand one hundred (3,100) but less than three thousand five hundred (3,500) that is located in a county having a population of more than two hundred fifty thousand (250,000) but less than two hundred seventy thousand (270,000).

Sec. 1. (a) A disannexation may not occur under this chapter if any of the following apply on the date a resolution is adopted under section 9 of this chapter:

(1) A building is located within the territory proposed to be disannexed that is being used as a school by the relinquishing school corporation.

(2) A building is located within the territory proposed to be disannexed on which there is bond indebtedness owed by the relinquishing school corporation.

(3) A building is located within the territory proposed to be disannexed that is the subject of a lease entered into by the relinquishing school corporation to allow the relinquishing school corporation to use the building as a school.

(b) This chapter does not limit the ability of a school corporation to proceed in an annexation under IC 20-23-5.

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

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

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

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

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

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

Sec. 6. As used in this chapter, "school corporation" has the



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meaning set forth in IC 20-18-2-16(a).

Sec. 7. As used in this chapter, "territory" means the entire territory of the township described in section 0.5 of this chapter.

Sec. 8. Except as provided in section 1 of this chapter, territory may be disannexed from a school corporation under this chapter.

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

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

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

- (1) The name of the school corporation from which the territory is to be disannexed.
- (2) A description of the territory to be disannexed.
- (3) The name of the acquiring school corporation.
- (4) The date the disannexation takes place.
- (5) Any terms and conditions facilitating education of students in the acquiring school corporation.

(c) Subject to section 14 of this chapter, the resolution must be supported by a plan for the organization of the acquiring school corporation that includes the following information:

- (1) The willingness and ability of the acquiring school corporation to accommodate and provide efficient and equitable educational opportunity to students from the territory.
- (2) Proposed disposition of assets and liabilities of the relinquishing school corporation to the acquiring school corporation.
- (3) Proposed allocation between the acquiring and relinquishing school corporations of subsequently collected school taxes levied on property in the annexed territory.
- (4) Proposed amount, if any, to be paid by the acquiring school corporation to the relinquishing school corporation on account of property received from the relinquishing school corporation.
- (5) Additional information as required by the state board.

Dispositions, allocations, and amounts transferred under this subsection must be equitable, as determined by the state board. Dispositions, allocations, and amounts transferred shall be considered equitable if the plan is approved by the state board



1 under section 10(a)(4) of this chapter.

2 (d) After adoption of the resolution:

3 (1) the resolution; and

4 (2) the plan for the organization of the acquiring school
5 corporation;

6 must be filed with the state board.

7 Sec. 10. (a) The state board shall:

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

11 (2) adopt a set of minimum considerations for a plan that
12 include:

13 (A) ensuring efficient and equitable educational
14 opportunities for all students of the acquiring school
15 corporation and relinquishing school corporation;

16 (B) the positive and negative effects on the acquiring and
17 relinquishing school corporations;

18 (C) the economic interests of the acquiring and
19 relinquishing school corporations related to changing the
20 boundaries of the school corporations; and

21 (D) a determination of whether the disannexation is
22 prohibited under section 1 of this chapter;

23 (3) not later than ninety (90) days after receipt of a plan, hold
24 a public hearing in the county in which the largest part of the
25 territory to be disannexed is located to allow residents of the
26 affected territory to testify; and

27 (4) not later than sixty (60) days after the public hearing:

28 (A) approve or disapprove in writing all or part of the
29 plan; and

30 (B) notify in writing, by certified mail with return receipt
31 requested, the acquiring school corporation, the
32 relinquishing school corporation, and the fiscal body of the
33 township.

34 (b) The state board is not required to hold a public hearing on
35 a plan that does not meet the minimum considerations required by
36 the state board. If the state board determines a plan does not meet
37 the minimum considerations required, the state board shall notify
38 in writing, by certified mail with return receipt requested, the
39 acquiring school corporation and the fiscal body of the township.

40 Sec. 11. (a) If the state board approves the plan under section
41 10(a)(4) of this chapter, the acquiring school corporation and fiscal
42 body of the township proposed to be disannexed may:



1 **(1) within sixty (60) days of the state board approval of the**
 2 **plan, file a petition signed by at least fifty-one percent (51%)**
 3 **of the registered voters residing in the territory proposed to**
 4 **be disannexed with the clerk of the circuit court of the county**
 5 **or counties in which the territory proposed to be disannexed**
 6 **is located under section 12 of this chapter; or**

7 **(2) after approval of the plan, request that the state board**
 8 **certify the approved plan to the clerk of the circuit court of**
 9 **the county or counties in which the territory proposed to be**
 10 **disannexed is located under section 13 of this chapter. The**
 11 **state board shall certify the approved plan to the clerk of the**
 12 **circuit court of the county or counties in which the territory**
 13 **proposed to be disannexed is located under section 13 of this**
 14 **chapter.**

15 **(b) If a petition described in subsection (a)(1) is not filed within**
 16 **sixty (60) days of the state board approval of the plan and a request**
 17 **for certification under subsection (a)(2) has not already been made,**
 18 **the state board shall certify the approved plan to the clerk of the**
 19 **circuit court of the county or counties in which the territory**
 20 **proposed to be disannexed is located under section 13 of this**
 21 **chapter.**

22 **Sec. 12. (a) If a petition described in section 11(a)(1) of this**
 23 **chapter is to be filed with the clerk of the circuit court of the**
 24 **county or counties in which the territory proposed to be**
 25 **disannexed is located, the clerk of the circuit court shall make a**
 26 **certification under the clerk's hand and seal of the clerk's office as**
 27 **to whether the petition is signed by at least fifty-one percent (51%)**
 28 **of the registered voters residing in the territory proposed to be**
 29 **disannexed.**

30 **(b) If the clerk of the circuit court certifies under subsection (a)**
 31 **that the petition is signed by at least fifty-one percent (51%) of the**
 32 **registered voters residing in the territory proposed to be**
 33 **disannexed, the state board 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 **(c) Notice of the adoption of a resolution under subsection (b)(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. 13. (a) If a petition is not filed as described in section
3 11(a)(1) of this chapter, or following a request described in section
4 11(a)(2) of this chapter, the state board shall certify the approved
5 plan to the clerk of the circuit court of the county or counties in
6 which the territory proposed to be disannexed is located.

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

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

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

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

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

16 If a territory proposed to be disannexed includes only part of a
17 voting precinct, the clerk of the circuit court shall ascertain, from
18 any means available, the number of registered voters residing in
19 the part of the voting precinct that is within the territory proposed
20 to be disannexed.

21 (c) The clerk of the circuit court shall do the following:

22 (1) Certify to the county election board the public question of
23 whether the disannexation should take place.

24 (2) Order the county election board to place the following
25 question on the ballot in the territory of the proposed
26 disannexation:

27 "Shall _____ (insert the name of the territory) be
28 transferred from _____ (insert the relinquishing
29 school corporation) to _____ (insert the acquiring
30 school corporation)?"

31 (d) The county election board shall place the question set forth
32 in subsection (c)(2) on the ballot for the next primary election or
33 general election under IC 3-10-9 as a local public question.

34 (e) The county election board, under IC 5-3-1, shall give notice
35 of the public question on the ballot at the primary election or
36 general election. The notice must:

37 (1) clearly state that the election is being held to provide the
38 registered voters an opportunity to approve or reject a
39 proposal for the disannexation of territory from an existing
40 school corporation;

41 (2) state the name of the existing school corporation to which
42 the territory is proposed to be annexed; and



- 1 (3) designate the date, time, and voting place or places at
2 which the election will be held.
- 3 (f) The county election board shall place the public question on
4 the ballot in the form prescribed by IC 3-10-9-4. Except as
5 otherwise provided in this chapter, the election is governed by IC 3.
- 6 (g) The certified result of the local public question shall be filed
7 with the state board.
- 8 (h) If the majority of the voters voting in an election under this
9 section vote "yes" on the question of disannexation, the state board
10 shall:
- 11 (1) immediately cause notice of the result to be published in
12 the county or counties where the disannexation will take
13 place; and
- 14 (2) declare the disannexation final and approve the
15 annexation of the territory to the acquiring school
16 corporation by adopting a resolution to that effect.
- 17 (i) Notice of the adoption of a resolution under subsection (h)(2)
18 must be published at least once in one (1) newspaper of general
19 circulation published in the county or counties where the
20 disannexation will take place.
- 21 Sec. 14. (a) A disannexation and annexation to an acquiring
22 school corporation under section 12 or 13 of this chapter take
23 effect on the July 1 following the date of the publication of the
24 notice in section 12(c) or 13(i) of this chapter by the state board,
25 except that the disannexed territory is considered part of the
26 acquiring school corporation for purposes of determining budgets,
27 property tax rates, and property tax levies beginning with the
28 acquiring school corporation's budget year beginning on the
29 January 1 immediately following the July 1 effective date of the
30 disannexation.
- 31 (b) Except as provided in subsection (c), the relinquishing school
32 corporation and taxpayers of the disannexed territory remain
33 liable for any indebtedness of the relinquishing school corporation
34 in effect on the date the disannexation is effective under this
35 chapter. The amount of outstanding indebtedness for which
36 taxpayers of the disannexed territory that has been transferred
37 remain liable under this section consists of the portion of
38 indebtedness that is in the same proportion as the assessed
39 valuation of the real property in the disannexed territory bears to
40 the assessed valuation of all the real property in the relinquishing
41 school corporation, as determined for the last assessment date
42 before the disannexation occurs. The department of local



1 government finance shall determine the amount, if any, of
 2 outstanding indebtedness for which taxpayers of the disannexed
 3 territory that has been transferred remain liable under this section.
 4 The disannexed territory constitutes a special taxing district for
 5 only the purposes of imposing and collecting a property tax levy for
 6 payment of the amount of the disannexed territory's portion of the
 7 outstanding indebtedness. The relinquishing school corporation
 8 shall each year impose and collect the property tax levy in the
 9 disannexed territory in an amount determined by the department
 10 of local government finance to be used only for payment of the
 11 disannexed territory's portion of the outstanding indebtedness.

12 (c) After a disannexation is effective under this chapter, the
 13 following apply to debt incurred by the relinquishing school
 14 corporation during the period beginning on the date on which a
 15 resolution is adopted by an acquiring school corporation under
 16 section 9 of this chapter and ending on the date the disannexation
 17 is effective under subsection (a):

18 (1) The acquiring school corporation to which the territory is
 19 transferred is not liable for and is not required to pay any
 20 part of that indebtedness.

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

23 (3) The territory that is transferred does not constitute a
 24 special taxing district for purposes of paying any part of that
 25 indebtedness.

26 **Sec. 15. (a)** Within sixty (60) days after a disannexation takes
 27 place, the governing body of the acquiring school corporation and
 28 relinquishing school corporation shall adopt a plan determining the
 29 manner in which each governing body shall be constituted. The
 30 plan shall be adopted in accordance with the requirements and
 31 procedures of IC 20-23-8, except as set out in subsection (b).

32 (b) The adoption of a plan by the governing body in accordance
 33 with IC 20-23-8-10 and its submission to the state board under
 34 IC 20-23-8-15 are the only procedures required when an existing
 35 plan is changed as follows:

36 (1) All governing body members are elected at large, and
 37 there are no governing body member residency districts.

38 (2) Governing body members are elected from governing
 39 body member residency districts, and the annexed territory
 40 is added to or deleted from one (1) or more districts.

41 (3) A governing body member is appointed from a given area
 42 or district, and the annexed territory is added to or deleted



1 from one (1) or more districts or areas.

2 (4) A governing body member is elected solely by the voters in
3 a school governing body member district, but the addition or
4 deletion of the annexed territory to or from an existing
5 district does not constitute a denial of equal protection of the
6 laws.

7 If a school corporation elects or appoints members of its governing
8 body both from a school governing body member district
9 encompassing the entire school corporation and from smaller
10 districts, the governing body of the acquiring school corporation
11 shall add the annexed territory both to the district consisting of the
12 entire school corporation and to one (1) or more smaller districts.
13 In a comparable situation, the relinquishing school corporation
14 shall delete the annexed territory both from the district consisting
15 of the entire school corporation and from any smaller district or
16 districts. The change in the plan becomes effective upon its
17 approval by the state board. The application of this subsection does
18 not limit the initiation of, or further changes in, any plan under
19 IC 20-23-8.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 421, 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:

Page 3, line 3, delete "The" and insert "**Subject to section 14 of this chapter, the**".

Page 3, line 8, delete "adequate" and insert "**equitable**".

Page 3, line 37, delete "adequate" and insert "**equitable**".

Page 3, delete line 40.

Page 3, line 41, delete "(C) the effects on the community as a whole;" and insert "**(B) the positive and negative effects on the acquiring and relinquishing school corporations;**".

Page 3, line 42, delete "(D)" and insert "(C)".

Page 3, line 42, delete "community" and insert "**acquiring and relinquishing school corporations**".

Page 4, line 15, delete "board unless the state board waives the attainment of a" and insert "**board**".

Page 4, line 16, delete "**minimum consideration**".

Page 7, line 2, delete "Except as provided in section 16, a" and insert "A".

Page 7, line 3, delete "existing" and insert "**acquiring**".

Page 7, line 6, delete "board." and insert "**board, except that the disannexed territory is considered part of the acquiring school corporation for purposes of determining budgets, property tax rates, and property tax levies beginning with the acquiring school corporation's budget year beginning on the January 1 immediately following the July 1 effective date of the disannexation.**".

Page 7, line 7, delete "acquiring school" and insert "**relinquishing school corporation and taxpayers of the disannexed territory remain liable for any indebtedness of the relinquishing school corporation in effect on the date the disannexation is effective under this chapter. The amount of outstanding indebtedness for which taxpayers of the disannexed territory that has been transferred remain liable under this section consists of the portion of indebtedness that is in the same proportion as the assessed valuation of the real property in the disannexed territory bears to the assessed valuation of all the real property in the relinquishing school corporation, as determined for the last assessment date before the disannexation occurs. The department of local government finance shall determine the amount, if any, of**



outstanding indebtedness for which taxpayers of the disannexed territory that has been transferred remain liable under this section. The disannexed territory constitutes a special taxing district for only the purposes of imposing and collecting a property tax levy for payment of the amount of the disannexed territory's portion of the outstanding indebtedness. The relinquishing school corporation shall each year impose and collect the property tax levy in the disannexed territory in an amount determined by the department of local government finance to be used only for payment of the disannexed territory's portion of the outstanding indebtedness."

Page 7, delete lines 8 through 28.

Page 8, delete lines 37 through 42.

and when so amended that said bill do pass.

(Reference is to SB 421 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 9, Nays 3.

SENATE MOTION

Madam President: I move that Senate Bill 421 be amended to read as follows:

Page 2, line 2, after "1." insert "**(a) A disannexation may not occur under this chapter if any of the following apply on the date a resolution is adopted under section 9 of this chapter:**

(1) A building is located within the territory proposed to be disannexed that is being used as a school by the relinquishing school corporation.

(2) A building is located within the territory proposed to be disannexed on which there is bond indebtedness owed by the relinquishing school corporation.

(3) A building is located within the territory proposed to be disannexed that is the subject of a lease entered into by the relinquishing school corporation to allow the relinquishing school corporation to use the building as a school.

(b)".

Page 2, line 28, delete "Territory" and insert "**Except as provided in section 1 of this chapter, territory**".

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Page 3, line 41, delete "and".

Page 4, line 2, after "corporations;" insert "**and**

(D) a determination of WHETHER the disannexation is prohibited under section 1 of this chapter;".

(Reference is to SB 421 as printed February 8, 2019.)

BOHACEK

SENATE MOTION

Madam President: I move that Engrossed Senate Bill 421, which is eligible for third reading, be returned to second reading for purposes of amendment.

BOHACEK

SENATE MOTION

Madam President: I move that Senate Bill 421 be amended to read as follows:

Page 2, between lines 1 and 2, begin a new paragraph and insert:

"Sec. 0.5. This chapter applies to a township having a population of more than three thousand one hundred (3,100) but less than three thousand five hundred (3,500) that is located in a county having a population of more than two hundred fifty thousand (250,000) but less than two hundred seventy thousand (270,000)."

Page 2, line 40, delete "one (1) or more townships." and insert "**the township described in section 0.5 of this chapter.**".

(Reference is to SB 421 as reprinted February 19, 2019.)

BOHACEK

