
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All School Corporations

FROM: Daniel Shackle, Commissioner

RE: Legislation Affecting School Funding Matters

DATE: June 18, 2024

Introduction

The Department of Local Government Finance (“Department”) issues this memorandum to inform interested parties about changes made to laws concerning school corporation funding. The affecting legislation includes House Enrolled Act 1120-2024 (“HEA 1120”), House Enrolled Act 1328-2024 (“HEA 1328”), and House Enrolled Act 1380-2024 (“HEA 1380”), all signed by Governor Eric J. Holcomb on May 13, 2024, and Senate Enrolled Act 270-2024 (“SEA 270”), signed by Governor Holcomb on May 11, 2024.

This memorandum is for informative purposes only and is not a substitute for reading the law.

I. School Corporation Levy Distributions to Charter Schools

SEA 270 and HEA 1380 make the following changes to property tax distributions to charter schools¹ by school corporations outlined during the 2023 Legislative Session. For additional information related to changes made during the 2023 Legislative Session, please refer to the Department’s previously issued memo [Legislation Affecting School Funding Matters](#) issued on October 10, 2023.

First, Section 10 of SEA 270 amends Ind. Code § 20-46-1-8 to provide that a distribution to a charter school of proceeds from a referendum held before May 10, 2023, does not provide an exemption from the provisions of Ind. Code § 20-46-1. This section is effective on May 10, 2024.

Second, Section 11 of SEA 270 amends Ind. Code § 20-46-8-11.2 to clarify that the distributions to charter schools from a school corporation’s operating fund levy revenue must be based on the

¹ For purposes of the distribution of proceeds from a referendum, Ind. Code § 20-46-1-21 specifies that the distribution requirements only apply to school corporations located in Lake County, Marion County, St. Joseph County, and Vanderburgh County. For purposes of the distribution of operating fund levy revenue, Ind. Code § 20-46-8-11.2 specifies that the distribution requirements only apply to school corporations located in Lake County, Marion County, St. Joseph County, and Vanderburgh County.

amount collected (rather than imposed) by the school corporation. This section is effective on July 1, 2024.

Finally, Sections 25-26 of HEA 1380 amend Ind. Code §§ 20-46-1-8 and 20-46-9-6, effective upon passage. These amendments make the following changes to the process for school corporations seeking an operating referendum levy or school safety referendum levy, respectively:

- (1) The school corporation's notice to charter schools to determine whether the charter school will participate in a referendum must include the following information:
 - The total amount of the school corporation's expected need.
 - The per student estimate for that amount, using the number of students enrolled in the school corporation.
 - The date on which the school board will vote on the resolution.
- (2) The school corporation must include in its referendum disclosure statement the following:
 - The salaries of each position within the school corporation or charter school, are listed from highest salary to lowest salary.
 - A link to Gateway for access to individual salaries.

This statement must be posted at least thirty (30) days before the referendum is held in a primary or general election (rather than thirty (30) days before the resolution to hold a referendum is adopted).

II. School Corporation Levy Limitations

Section 20 of HEA 1120 amends Ind. Code § 6-1.1-17-3.1 to make the following changes with respect to the operating referendum fund levy limitation. Section 20 is effective upon passage.

- (1) The limitation period is extended to apply to property taxes first due and payable in 2025.
- (2) The limitation does not apply to the following:
 - (a) An operating referendum levy imposed by a school corporation that was designated as a distressed political subdivision at the time the referendum levy was approved by voters.
 - (b) An operating referendum levy imposed by a school corporation that was approved by the voters after December 31, 2022, and before January 1, 2025, and first imposed by the school corporation for taxes first due and payable in 2024 or 2025. In other words, a levy imposed as a result of an operating referendum approved in 2023 or 2024 will not be affected by the limitation.

- (3) For taxes first due and payable in 2024, the operating referendum levy may not exceed the lesser of the amount that could have been levied by the school corporation, if the maximum referendum rate was imposed, multiplied by 1.03.
- (4) For taxes first due and payable in 2025, the operating referendum levy may not exceed the lesser of:
- (a) the maximum amount that could have been levied by the school corporation in the current calendar year; or
 - (b) the maximum amount that could have been levied by the school corporation, if the maximum referendum rate was imposed for taxes first due and payable in the immediately preceding calendar year, multiplied by the following formula:

STEP ONE: Subtract the school corporation's spring count of ADM from the 2024 calendar year by the spring count of ADM from the 2020 calendar year.

STEP TWO: Divide the STEP ONE result by 4.

STEP THREE: Divide the STEP TWO result by the school corporation's spring count of ADM from the 2020 calendar year.

STEP FOUR: Multiply the STEP THREE result by 1.5.

STEP FIVE: Add 1.06 to the STEP FOUR result.

STEP SIX: Take the greater of the STEP FIVE result and 1.06.

STEP SEVEN: Take the lesser of the STEP SIX result and 1.12.

For purposes of this calculation, "ADM" refers to the school corporation's average daily membership used to determine the state tuition support distribution under Ind. Code § 20-43, including the average daily membership of any innovation network charter school if a school corporation entered into an agreement with the innovation network charter school under Ind. Code § 20-25.7-5. The Department of Education must provide the Department with the applicable ADM counts to make the determinations under this section.

III. Referendum Ballot Question Certification Review Period

Sections 17, 28, and 30 of HEA 1328 amend Ind. Code §§ 6-1.1-20-3.6, 20-46-1-8, and 20-46-9-6 to clarify that the ten (10) day period the Department has to review a submitted ballot question for purposes of a property tax referendum begins after the Department receives both the resolution (or certification, in the case of a controlled project referendum) to place the question on the ballot *and* the county auditor's certification of the estimated average tax impact.

These sections are effective on July 1, 2024, therefore this change will first apply to any request to the Department for certain of a ballot question on a property tax referendum submitted after June 30, 2024, for the November general election. The Department notes that the deadlines for certification of the ballot question under Ind. Code §§ 6-1.1-20-3.6(e), 20-46-1-14, and 20-46-9-14 have not changed. Therefore, civil taxing units and school corporations should consider this change when planning a property tax referendum and submitting the ballot question to the Department for certification.

Contact Information

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