

Second Regular Session of the 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1372

AN ACT to amend the Indiana Code concerning state and local administration.

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

SECTION 1. IC 5-4-1-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2016]: **Sec. 0.5. As used in this chapter, "contractor" means an individual or entity that:**

- (1) enters into a contractual relationship with a city, town, county, or township;**
- (2) has a fiduciary relationship with or performs a fiscal responsibility for the city, town, county, or township; and**
- (3) is not insured, for purposes of the individual's or entity's accounts, by the Federal Deposit Insurance Corporation.**

SECTION 2. IC 5-4-1-5.1, AS AMENDED BY P.L.230-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 5.1. (a) "Political subdivision" as used in this section has the meaning set forth in IC 36-1-2-13 and excludes any department or agency of the state.

(b) Every elected or appointed officer, official, deputy, employee, or contractor of a political subdivision who is required by section 18 of this chapter to file an official bond for the faithful performance of duty, except the county recorder and deputies and employees of the recorder, shall file the bond with the fiscal officer of the political subdivision and in the office of the county recorder in the county of ~~residence~~ **office or**



employment of the officer, official, deputy, ~~or~~ employee, **or contractor**. The county recorder and deputies and employees of the recorder shall file their bonds with the county auditor and in the office of the clerk of the circuit court.

(c) The bonds described in subsection (b) shall be filed within ten (10) days of their issuance or, if approval is required, within ten (10) days after their approval by the person required to approve the bonds. The recorder shall record all of the bonds filed under this section, indexing them alphabetically under the name of the principal and referring to the title, office, and page number where recorded. The bonds shall be kept in a safe and convenient place in the recorder's office with a reference to the date filed and record and page where recorded.

(d) Every county officer who is required to give bond shall have a copy of the oath of office recorded with the bond.

(e) The fiscal officer of a political subdivision with whom an official bond is filed under subsection (b) shall file a copy of the bond with the state board of accounts:

- (1) contemporaneously with the filing of the political subdivision's annual financial report required under IC 5-11-1-4(a); and
- (2) electronically in the manner prescribed under IC 5-14-3.8-7.

(f) The state board of accounts shall maintain a data base of bonds received under this section and make the data base available to the public on the state board of accounts Internet web site. To the extent practicable, the data base must include a list that specifies:

- (1) every individual who is required by section 18 of this chapter to file; and
- (2) whether each individual specified under subdivision (1) has obtained and filed;

an official bond for the faithful performance of duty.

SECTION 3. IC 5-4-1-18, AS AMENDED BY HEA 1035-2016, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 18. (a) Except as provided in ~~subsection~~ **subsections (b), (c), and (d)**, the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.



(5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.

(6) Township assessors (if any).

(7) Individuals:

(A) who are employees or contractors of a city, town, county, or township; and

(B) whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds:

(i) that belong to the federal government, the state, a political subdivision, or another governmental entity; **and**

(ii) **in an amount that exceeds five thousand dollars (\$5,000) per year.**

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond that:

(1) is endorsed to include faithful performance to cover the faithful performance of; and

(2) includes aggregate coverage sufficient to provide coverage amounts specified for;

all employees, commission members, and persons acting on behalf of the local government unit, including the officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter.

(c) The fiscal body of a city, town, or county may by ordinance or the fiscal body of a township may by resolution authorize the purchase of a name or position schedule bond that:

(1) names each individual or each position covered under the schedule bond;

(2) is endorsed to include faithful performance to cover the faithful performance of all officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter; and

(3) includes aggregate coverage sufficient to provide coverage amounts specified for all officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter.

(d) The fiscal body of a city, town, county, or township may by ordinance (or for a township, by resolution) authorize the purchase of a crime insurance policy that:

(1) provides coverage for criminal acts or omissions committed by;

(2) is endorsed to include faithful performance to cover the faithful performance of; and



(3) includes aggregate coverage sufficient to provide coverage amounts specified for;

all officers, employees, contractors, commission members, and persons acting on behalf of the local government unit and required to file a bond under this chapter. For the sole purpose of recovering public funds on behalf of a local government unit, the state is considered to be an additional named insured on all crime insurance policies **and endorsements** obtained under this subsection.

~~(d)~~ **(e)** Except as provided in subsections ~~(j)~~ **and (k) and (l)**, the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county.

~~(e)~~ **(f)** The amount of the bond of a person who is not specified in subsection ~~(d)~~ **(e)** and is required to file an individual bond shall be fixed by the fiscal body of the unit as follows:

- (1) If the person is not described in subsection (a)(7), at not less than fifteen thousand dollars (\$15,000).
- (2) If the person is described in subsection (a)(7), at not less than five thousand dollars (\$5,000).

~~(f)~~ **(g)** Except as provided in subsection ~~(j)~~ **(m)**, a controller of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file an individual surety bond in an amount:

- (1) fixed by the board of directors of the solid waste management district; and
- (2) that is at least thirty thousand dollars (\$30,000).

~~(g)~~ **(h)** Except as provided under subsection ~~(f)~~ **(g)**, a person who is required to file an individual surety bond by the board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file a bond in an amount fixed by the board of directors.



~~(h)~~ **(i)** In 1982 and every four (4) years after that, the state examiner shall review the bond amounts fixed under this section and report in an electronic format under IC 5-14-6 to the general assembly whether changes are necessary to ensure adequate and economical coverage.

~~(i)~~ **(j)** The commissioner of insurance ~~shall~~ **may** prescribe the form of the bonds or crime insurance policies required by this section, in consultation with the state board of accounts and the Indiana archives and records administration under IC 5-15-5.1-6. **However**, a bond or crime insurance policy that does not conform to ~~the a~~ form prescribed under this subsection may ~~not~~ be used to meet the requirements of this chapter.

~~(j)~~ **(k)** Notwithstanding subsection ~~(d)~~; **(e)**, the state board of accounts may fix the amount of the bond for a city controller, city clerk-treasurer, town clerk-treasurer, Barrett Law fund custodian, county treasurer, county sheriff, circuit court clerk, township trustee, or conservancy district financial clerk at an amount that exceeds thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond. However, the bond amount may not exceed three hundred thousand dollars (\$300,000). An increased bond amount may be established under this subsection only if the state examiner issues a report under IC 5-11-5-1 that includes a finding that the officer engaged in malfeasance, misfeasance, or nonfeasance that resulted in the misappropriation of, diversion of, or inability to account for public funds.

~~(k)~~ **(l)** Notwithstanding subsection ~~(e)~~; **(f)**, the state board of accounts may fix the amount of the bond for any person who is described in:

(1) subsection ~~(e)~~~~(1)~~ **(f)(1)** and is required to file an individual bond at an amount that exceeds fifteen thousand dollars (\$15,000); or

(2) subsection ~~(e)~~~~(2)~~ **(f)(2)** and is required to file an individual bond at an amount that exceeds five thousand dollars (\$5,000).

An increased bond amount may be established under this subsection only if the state examiner issues a report under IC 5-11-5-1 that includes a finding that the person engaged in malfeasance, misfeasance, or nonfeasance that resulted in the misappropriation of, diversion of, or inability to account for public funds.

~~(l)~~ **(m)** Notwithstanding subsection ~~(f)~~; **(g)**, the state board of accounts may fix the amount of the bond for a controller of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) at an amount that exceeds thirty thousand dollars



(\$30,000). An increased bond amount may be established under this subsection only if the state examiner issues a report under IC 5-11-5-1 that includes a finding that the controller engaged in malfeasance, misfeasance, or nonfeasance that resulted in the misappropriation of, diversion of, or inability to account for public funds.

~~(m)~~ **(n) Both of** The following apply to a bond that is filed to comply with this section:

(1) Each bond must ~~have a term of~~ **provide coverage in the amount required for the individual covered under the bond for one (1) year (the policy year)** commencing on the first day of the:

(A) calendar year;

(B) fiscal year of the political subdivision or governmental unit; or

(C) individual's service in the office ~~employment,~~ or ~~contracted~~ position for which a bond is required.

(2) ~~Consecutive yearly bonds filed by an individual must provide separate coverage for each year. A continuous bond may be used to satisfy the requirement of subdivision (1) if the bond:~~

(A) is renewed on an annual basis for the period during which the individual serves in the office or position for which a bond is required; and

(B) provides coverage in the amount required for the individual covered under the bond for each policy year.

However, any claim under a continuous bond used under this subdivision must be brought not later than six (6) years after the occurrence giving rise to the claim.

(3) The **maximum** aggregate liability of the surety or insurer for a single policy year is the **penal sum of the bond. In the case of a continuous bond, the maximum aggregate liability of the surety or insurer for the entire term that the bond is in effect is the penal sum of the amounts specified in the bonds issued by the surety or insurer for that policy year. bond for the current term of the bond and the penal sums of the bond for the five (5) immediately preceding years.**

SECTION 4. IC 5-4-1-19, AS AMENDED BY P.L.126-2012, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 19. The bonds prescribed by IC 5-4-1-18 cover the faithful performance of the duties of the officer, ~~or~~ employee, ~~or contractor~~, including the duty to comply with IC 35-44.1-1-1 and the duty to account properly for all monies and property received by virtue of the officer's, ~~position or employment.~~ **employee's, or contractor's**



service in the office or position.

SECTION 5. IC 5-11-5-1, AS AMENDED BY P.L.181-2015, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1. (a) Whenever an examination is made under this article, a report of the examination shall be made. The report must include a list of findings and shall be signed and verified by the examiner making the examination. A finding that is critical of an examined entity must be based upon one (1) of the following:

- (1) Failure of the entity to observe a uniform compliance guideline established under IC 5-11-1-24(a).
- (2) Failure of the entity to comply with a specific law.

A report that includes a finding that is critical of an examined entity must designate the uniform compliance guideline or the specific law upon which the finding is based. The reports shall immediately be filed with the state examiner, and, after inspection of the report, the state examiner shall immediately file one (1) copy with the officer or person examined, one (1) copy with the auditing department of the municipality examined and reported upon (if the subject of the report is a municipality), and one (1) copy in an electronic format under IC 5-14-6 with the legislative services agency, as staff to the audit committee and the general assembly. Upon filing, the report becomes a part of the public records of the office of the state examiner, of the office or the person examined, of the auditing department of the municipality examined and reported upon, and of the legislative services agency, as staff to the audit committee and the general assembly. A report is open to public inspection at all reasonable times after it is filed. If an examination discloses malfeasance, misfeasance, or nonfeasance in office or of any officer or employee, a copy of the report, signed and verified, shall be placed by the state examiner with the attorney general and the inspector general. The attorney general shall diligently institute and prosecute civil proceedings against the delinquent officer, or upon the officer's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

(b) Before an examination report is signed, verified, and filed as required by subsection (a), the officer or the chief executive officer of the state office, municipality, or entity examined must have an opportunity to review the report and to file with the state examiner a written response to that report. If a written response is filed, it becomes a part of the examination report that is signed, verified, and filed as required by subsection (a). As part of the review of the examination



report, the state examiner shall hold a gathering of the officer or chief executive officer of the state office, municipality, or entity examined, any employees or agents of the state office, municipality, or entity examined who are requested to attend by the officer or chief executive officer of the state office, municipality, or entity examined, and the members of the legislative and fiscal bodies of the municipality or entity examined. Such a gathering is referred to as an "exit conference" for purposes of this subsection. The following apply to an exit conference:

- (1) All information discussed and materials presented or delivered by any person during an exit conference are confidential and may not be discussed or shared publicly until the earliest of the occurrences set forth in subsection (g). However, the information discussed and materials presented or delivered during an exit conference may be shared with an officer, employee, consultant, adviser, or attorney of the officer or chief executive officer of the state office, municipality, or entity examined who was not present at the exit conference. An individual with whom information and materials are shared must maintain the confidentiality of the information and materials as provided in this subdivision until the earliest of the occurrences set forth in subsection (g).
- (2) An individual attending an exit conference may not electronically record the exit conference.
- (3) If a majority of a governing body (as defined in IC 5-14-1.5-2(b)) is present during an exit conference, the governing body shall be considered in an executive session under IC 5-14-1.5. However, the governing body has no obligation to give notice as prescribed by IC 5-14-1.5-5 when it participates in the exit conference.
- (4) If the state examiner determines after the exit conference that additional actions must be undertaken by a deputy examiner, field examiner, or private examiner with respect to information discussed or materials presented at the exit conference, the state examiner may call for an additional exit conference to be held.
- (5) Not more than thirty (30) days after the initial exit conference is held under this subsection, the legislative body of the municipality or entity examined and reported upon may adopt a resolution, approved by at least a two-thirds (2/3) vote of the legislative body, requesting that an additional exit conference be held. The legislative body shall notify the state board of accounts if the legislative body adopts a resolution under this subdivision. If a legislative body adopts a resolution under this subdivision, the



state board of accounts shall conduct an additional exit conference not more than sixty (60) days after the state board of accounts receives notice of the adoption of the resolution. The municipality or entity examined must pay the travel and staff costs incurred by the state board of accounts in conducting an additional exit conference under this subdivision.

(6) **Except as provided in subdivision (7)**, a final report under subsection (a) may not be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.

(7) If:

(A) the state examiner does not call for an additional exit conference to be held as described in subdivision (4); and

(B) the:

(i) legislative body of the municipality or entity examined and reported upon provides written notice to the state examiner that the legislative body waives an additional exit conference described in subdivision (5); or

(ii) state examiner determines that a final report under subsection (a) must be issued as soon as possible;

the final report may be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.

(c) Except as provided by subsections (b), (d), and (e), it is unlawful for any person, before an examination report is made public as provided by this section, to make any disclosure of the result of any examination of any public account, except:

(1) to the state examiner;

(2) if directed to give publicity to the examination report by the state examiner or by any court;

(3) to another deputy examiner, field examiner, or private examiner engaged in conducting the examination; or

(4) if directed by the state examiner, to the chair of the audit committee or the members of the audit committee acting in executive session, or both.

If an examination report shows or discloses the commission of a crime by any person, it is the duty of the state examiner to transmit and present the examination report to the prosecuting attorney of the county in which the crime was committed. The state examiner shall furnish to the prosecuting attorney all evidence at the state examiner's command necessary in the investigation and prosecution of the crime.

(d) If, during an examination under this article, a deputy examiner, field examiner, or private examiner acting as an agent of the state examiner determines that the following conditions are satisfied, the



examiner shall report the determination to the state examiner:

(1) A substantial amount of public funds has been misappropriated or diverted.

(2) The deputy examiner, field examiner, or private examiner acting as an agent of the state examiner has a reasonable belief that the malfeasance or misfeasance that resulted in the misappropriation or diversion of the public funds was committed by the officer or an employee of the office.

(e) After receiving a preliminary report under subsection (d), the state examiner may provide a copy of the report to the attorney general. The attorney general may institute and prosecute civil proceedings against the delinquent officer or employee, or upon the officer's or employee's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

(f) In an action under subsection (e), the attorney general may attach the defendant's property under IC 34-25-2.

(g) Except as permitted in this section, the information and materials that are part of an exit conference under subsection (b) and the results of an examination, including a preliminary report under subsection (d), are confidential until the occurrence of the earliest of the following:

(1) The final report is made public under subsection (a).

(2) The results of the examination are publicized under subsection (c)(2).

(3) The attorney general institutes an action under subsection (e) on the basis of the preliminary report.

(h) Except as permitted in this section, an individual, a public agency (as defined in IC 5-14-3-2), a public employee, a public official, or an employee or officer of a contractor or subcontractor of a public agency that knowingly or intentionally discloses information in violation of subsection (b) or (g), regardless of whether the information is received orally or by any other means, is subject to the following:

(1) A public agency (as defined in IC 5-14-3-2), a public employee, a public official, or an employee or officer of a contractor or subcontractor of a public agency commits a Class A infraction under IC 5-14-3-10.

(2) If the disclosure is by a person who is not described in subdivision (1), the person commits a Class A infraction.

(i) Unless in accordance with a judicial order or as otherwise provided in this section, the state board of accounts or its employees, former employees, counsel, or agents, or any other person may not divulge the examination workpapers and investigation records of a



deputy examiner, a field examiner, or a private examiner acting as an agent of the state examiner, except to:

- (1) employees and members of the state board of accounts;
- (2) the audit committee;
- (3) law enforcement officers, the attorney general, a prosecuting attorney, or any other legal representative of the state in any action with respect to the misappropriation or diversion of public funds; or
- (4) an authorized representative of the United States.

(j) An individual described in subsection (i)(3) or (i)(4) who receives examination workpapers and investigation records described in subsection (i) may divulge the workpapers and records in any action with respect to the misappropriation or diversion of public funds.

SECTION 6. IC 5-13-10.5-18, AS AMENDED BY P.L.213-2015, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 18. (a) As used in this section, "capital improvement board" refers to a capital improvement board established under IC 36-10-9.

(b) To qualify for an investment under this section, the capital improvement board must apply to the treasurer of state in the form and manner required by the treasurer. As part of the application, the capital improvement board shall submit a plan for its use of the investment proceeds and for the repayment of the capital improvement board's obligation to the treasurer. Within sixty (60) days after receipt of each application, the treasurer shall consider the application and review its accuracy and completeness.

(c) If the capital improvement board makes an application under subsection (b) and the treasurer approves the accuracy and completeness of the application and determines that there is an adequate method of payment for the capital improvement board's obligations, the treasurer of state shall invest or reinvest funds that are held by the treasurer and that are available for investment in obligations issued by the capital improvement board for the purposes of the capital improvement board in calendar years 2009, 2010, and 2011. The investment may not exceed nine million dollars (\$9,000,000) per calendar year for 2009, 2010, and 2011.

(d) The treasurer of state shall determine the terms of each investment and the capital improvement board's obligation, which must include the following:

- (1) Subject to subsections (f) and (g), the duration of the capital improvement board's obligation, which must be for a term of ten



(10) years with an option for the capital improvement board to pay its obligation to the treasurer early without penalty.

(2) Subject to subsections (f) and (g), the repayment schedule of the capital improvement board's obligation, which must provide that no payments are due before January 1, 2013.

(3) A rate of interest to be determined by the treasurer.

(4) The amount of each investment, which may not exceed the maximum amounts established for the capital improvement board by this section.

(5) Any other conditions specified by the treasurer.

(e) The capital improvement board may issue obligations under this section by adoption of a resolution and, as set forth in IC 5-1-14, may use any source of revenue to satisfy the obligation to the treasurer of state under this section. This section constitutes complete authority for the capital improvement board to issue obligations to the treasurer. If the capital improvement board fails to make any payments on the capital improvement board's obligation to the treasurer, the amount payable shall be withheld by the auditor of state from any other money payable to the capital improvement board. The amount withheld shall be transferred to the treasurer to the credit of the capital improvement board.

(f) Subject to subsection (g), if all principal and interest on the obligations issued by the capital improvement board under this section in calendar year 2009, are paid before July 1, 2015, the term of the obligations issued by the capital improvement board to the treasurer of state in calendar year 2010 is extended until 2025.

(g) This subsection applies if the capital improvement board before July 1, 2015, adopts a resolution:

(1) to establish a bid fund to be used to assist the capital improvement board, the Indianapolis Convention and Visitors Association (VisitIndy), or the Indiana Sports Corporation in securing conventions, sporting events, and other special events; and

(2) to designate that principal and interest payments that would otherwise be made on the obligation issued by the capital improvement board under this section in calendar year 2010 shall instead be deposited in the bid fund.

If the requirements of subdivisions (1) and (2) are satisfied and the capital improvement board deposits in the bid fund amounts equal to the principal and interests payments that would otherwise be made under the repayment schedule on the obligations issued by the capital improvement board under this section in calendar year 2010, the capital



improvement board is not required to make those principal and interests payments to the treasurer of state at the time required under the repayment schedule. The amounts must be deposited in the bid fund not later than the time the principal and interest payments would otherwise be due to the treasurer of state under the repayment schedule. The state board of accounts shall ~~annually~~ examine the bid fund **under IC 5-11-1** to determine the amount of deposits made to the bid fund under this subsection and to ensure that the money deposited in the bid fund is used only for purposes authorized by this subsection. To the extent that the capital improvement board does not deposit in the bid fund an amount equal to a payment of principal and interest that would otherwise be due under the repayment schedule on the obligations issued by the capital improvement board under this section in calendar year 2010, the capital improvement board must make that payment of principal and interest to the treasurer of state as provided in this section. If the capital improvement board deposits in the bid fund amounts equal to the payments of principal and interest that would otherwise be due under the repayment schedule on the obligations issued by the capital improvement board under this section in calendar year 2010, the capital improvement board is only required to repay to the treasurer of state the principal amount of the obligation.

SECTION 7. IC 6-3.6-10-7, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 7. (a) The general assembly finds that counties and municipalities in Indiana have a need to foster economic development, the development of new technology, and industrial and commercial growth. The general assembly finds that it is necessary and proper to provide an alternative method for counties and municipalities to foster the following:

- (1) Economic development.
- (2) The development of new technology.
- (3) Industrial and commercial growth.
- (4) Employment opportunities.
- (5) The diversification of industry and commerce.

The fostering of economic development and the development of new technology under this section or section 8 of this chapter for the benefit of the general public, including industrial and commercial enterprises, is a public purpose.

(b) The fiscal bodies of two (2) or more counties or municipalities may, by resolution, do the following:

- (1) Determine that part or all the revenue described in section 2 of this chapter should be combined to foster:



- (A) economic development;
 - (B) the development of new technology; and
 - (C) industrial and commercial growth.
- (2) Establish a regional venture capital fund.
- (c) Each unit participating in a regional venture capital fund established under subsection (b) may deposit the following in the fund:
- (1) Revenues described in section 2 of this chapter.
 - (2) The proceeds of public or private grants.
- (d) A regional venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to ~~an annual~~ audit by the state board of accounts **under IC 5-11-1**. The fund must bear the full costs of the audit.
- (e) The fiscal body of each participating unit shall approve an interlocal agreement created under IC 36-1-7 establishing the terms for the administration of the regional venture capital fund. The terms must include the following:
- (1) The membership of the governing board.
 - (2) The amount of each unit's contribution to the fund.
 - (3) The procedures and criteria under which the governing board may loan or grant money from the fund.
 - (4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.
- (f) An interlocal agreement made by the participating units under subsection (e) must provide that:
- (1) each of the participating units is represented by at least one (1) member of the governing board; and
 - (2) the membership of the governing board is established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the number of members of the governing board required to establish a quorum.
- (g) A majority of the governing board constitutes a quorum, and the concurrence of a majority of the governing board is necessary to authorize any action.
- (h) An interlocal agreement made by the participating units under subsection (e) must be submitted to the Indiana economic development corporation for approval before the participating units may contribute



to the fund.

(i) A majority of members of a governing board of a regional venture capital fund established under this section must have at least five (5) years of experience in business, finance, or venture capital.

(j) The governing board of the fund may loan or grant money from the fund to a private or public entity if the governing board finds that the loan or grant will be used by the borrower or grantee for at least one (1) of the following economic development purposes:

(1) To promote significant employment opportunities for the residents of the units participating in the regional venture capital fund.

(2) To attract a major new business enterprise to a participating unit.

(3) To develop, retain, or expand a significant business enterprise in a participating unit.

(k) The expenditures of a borrower or grantee of money from a regional venture capital fund that are considered to be for an economic development purpose include expenditures for any of the following:

(1) Research and development of technology.

(2) Job training and education.

(3) Acquisition of property interests.

(4) Infrastructure improvements.

(5) New buildings or structures.

(6) Rehabilitation, renovation, or enlargement of buildings or structures.

(7) Machinery, equipment, and furnishings.

(8) Funding small business development with respect to:

(A) prototype products or processes;

(B) marketing studies to determine the feasibility of new products or processes; or

(C) business plans for the development and production of new products or processes.

SECTION 8. IC 6-3.6-10-8, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 8. (a) The fiscal body of a county or municipality may, by resolution, establish a local venture capital fund.

(b) A unit establishing a local venture capital fund under subsection (a) may deposit the following in the fund:

(1) Revenues described in section 2 of this chapter.

(2) The proceeds of public or private grants.

(c) A local venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid



from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to ~~an annual~~ audit by the state board of accounts **under IC 5-11-1**. The fund must bear the full costs of the audit.

(d) The fiscal body of a unit establishing a local venture capital fund under subsection (a) shall establish the terms for the administration of the local venture capital fund. The terms must include the following:

- (1) The membership of the governing board.
- (2) The amount of the unit's contribution to the fund.
- (3) The procedures and criteria under which the governing board may loan or grant money from the fund.
- (4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(e) A unit establishing a local venture capital fund under subsection (a) must be represented by at least one (1) member of the governing board.

(f) The membership of the governing board must be established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the number of members of the governing board required to establish a quorum.

(g) A majority of the governing board constitutes a quorum, and the concurrence of a majority of the governing board is necessary to authorize any action.

(h) The terms established under subsection (d) for the administration of the local venture capital fund must be submitted to the Indiana economic development corporation for approval before a unit may contribute to the fund.

(i) A majority of members of a governing board of a local venture capital fund established under this section must have at least five (5) years of experience in business, finance, or venture capital.

(j) The governing board of the fund may loan or grant money from the fund to a private or public entity if the governing board finds that the loan or grant will be used by the borrower or grantee for at least one (1) of the following economic development purposes:

- (1) To promote significant employment opportunities for the residents of the unit establishing the local venture capital fund.
- (2) To attract a major new business enterprise to the unit.
- (3) To develop, retain, or expand a significant business enterprise



in the unit.

(k) The expenditures of a borrower or grantee of money from a local venture capital fund that are considered to be for an economic development purpose include expenditures for any of the following:

- (1) Research and development of technology.
- (2) Job training and education.
- (3) Acquisition of property interests.
- (4) Infrastructure improvements.
- (5) New buildings or structures.
- (6) Rehabilitation, renovation, or enlargement of buildings or structures.
- (7) Machinery, equipment, and furnishings.
- (8) Funding small business development with respect to:
 - (A) prototype products or processes;
 - (B) marketing studies to determine the feasibility of new products or processes; or
 - (C) business plans for the development and production of new products or processes.

SECTION 9. IC 20-26-4-5, AS AMENDED BY P.L.230-2015, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 5. (a) For each school year commencing July 1:

- (1) the treasurer of each governing body and the governing body's school corporation;
- (2) a deputy treasurer, if so appointed; and
- (3) any individual whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds:
 - (A) that belong to a school corporation or the governing body of a school corporation; **and**
 - (B) **in an amount that exceeds five thousand dollars (\$5,000) per year;**

shall give a bond for the faithful performance of the treasurer's, deputy treasurer's, or individual's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the governing body. The treasurer shall be responsible under the treasurer's bond for the acts of a deputy treasurer appointed as provided in section 1 of this chapter.

(b) A governing body may authorize the purchase of a blanket bond that:

- (1) is endorsed to include faithful performance to cover the faithful performance of all employees and individuals acting on behalf of the governing body or the governing body's school



corporation, including the individuals described in subsection (a);
and
(2) includes aggregate coverage sufficient to provide coverage
amounts specified for each individual who is required to give a
bond under this section.



Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

