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## Proposed Bankruptcy Bill for Cities, Towns in Indiana

The Indiana General Assembly will consider a proposed bankruptcy bill mooted by Sen. Ed Charbonneau that will give provision for local units of government, including school districts that are struggling financially, to file for Chapter 9 bankruptcy protection. The bill has been called the 'Bankruptcy Bill' but Charbonneau and state budget officials prefer referring to it as a 'Bankruptcy avoidance' bill. As the name suggests, it is aimed at averting the financial collapse of local communities.

If the bill is passed, it might impose stricter financial disciplines on local community leaders who are having difficulty solving their financial problems. Under a provision of the bill, a local government unit or one of its major creditors could petition the state to appoint an emergency manager to take over the powers of the local executive and the fiscal branch of that government unit. This emergency manager would be empowered to impose strict cost-cutting measures that may include renegotiations of contracts and job layoffs. For a creditor or group of creditors to petition for an emergency manager, they must be owed at least 30% of the local unit of government's annual revenue.

<http://tampabankruptcy.pro/blog/>

The bill was co-drafted by the director of the state Office of Management and Budget Cris Johnston, who says the appointing of an emergency manager is critical. But it is equally crucial that this emergency manager be detached from the local government in order to be completely impartial. The entity that is to appoint the emergency manager would be the state's Financial Distressed Unit Board. However, some quarters have said this bill is an attempt by the state government to take over local units of government.

But this criticism was quickly dispelled by Johnston, who reiterated that the state government has no intention of taking over the functions of any local government. As it is, the Indiana state government has its hands full managing the effects of several years of falling revenues. Furthermore, the appointment of an emergency manager would not be done at the soonest opportunity. A local government would have to be in a dire situation before such a measure would be taken. Dire situations would mean things like not honoring a bond payment or missing two consecutive payrolls.

Even cities and towns are facing financial stress, what more individuals and businesses. If you or your business is undergoing financial difficulties, consider filing for bankruptcy as a way out.

Call us at (813) 200-4133 for a free consultation.