

# SENATE BILL No. 231

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-17.

**Synopsis:** Township property taxes. Specifies that when formulating an annual budget, a township must consider: (1) the ending balance that will remain in each township fund relative to the budgeted expenditures from the fund; and (2) whether the part of the balance in excess of 10% of budgeted expenditures should be used instead of imposing additional property taxes for the ensuing year. Requires the department of local government finance to consider those factors when reviewing a township's budget, tax rate, and tax levy.

**Effective:** July 1, 2018.

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## Ruckelshaus

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January 3, 2018, read first time and referred to Committee on Local Government.

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Second Regular Session 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

# SENATE BILL No. 231



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 6-1.1-17-2, AS AMENDED BY P.L.1-2006,  
2 SECTION 135, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2018]: Sec. 2. (a) When formulating an annual  
4 budget estimate, the proper officers of a political subdivision shall  
5 prepare an estimate of the amount of revenue which the political  
6 subdivision will receive from the state for and during the budget year  
7 for which the budget is being formulated. These estimated revenues  
8 shall be shown in the budget estimate and shall be taken into  
9 consideration in calculating the tax levy which is to be made for the  
10 ensuing calendar year. However, this section does not apply to funds  
11 to be received from the state or the federal government for:  
12 (1) township assistance;  
13 (2) unemployment relief;  
14 (3) old age pensions; or  
15 (4) other funds which may at any time be made available under  
16 "The Economic Security Act" or under any other federal act  
17 which provides for civil and public works projects.



1 (b) When formulating an annual budget estimate, the proper officers  
 2 of a political subdivision shall prepare an estimate of the amount of  
 3 revenue that the political subdivision will receive under a development  
 4 agreement (as defined in IC 36-1-8-9.5) for and during the budget year  
 5 for which the budget is being formulated. Revenue received under a  
 6 development agreement may not be used to reduce the political  
 7 subdivision's maximum levy under IC 6-1.1-18.5 but may be used at  
 8 the discretion of the political subdivision to reduce the property tax  
 9 levy of the political subdivision for a particular year.

10 (c) **When formulating an annual budget estimate, the proper**  
 11 **officers of a township shall consider:**

12 **(1) the ending balance that will remain in each township fund**  
 13 **relative to the budgeted expenditures from the fund; and**

14 **(2) whether the part of the balance that exceeds ten percent**  
 15 **(10%) of budgeted expenditures should be used instead of**  
 16 **imposing additional property taxes for the ensuing year.**

17 SECTION 2. IC 6-1.1-17-16, AS AMENDED BY P.L.184-2016,  
 18 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2018]: Sec. 16. (a) The department of local government  
 20 finance shall certify the tax rates and tax levies for all funds of political  
 21 subdivisions subject to the department of local government finance's  
 22 review. **When reviewing a budget, tax rate, and tax levy of a**  
 23 **township, the department of local government finance shall**  
 24 **consider the ending balance that will remain in each fund relative**  
 25 **to the budgeted expenditures from the fund and whether the part**  
 26 **of the balance that exceeds ten percent (10%) of budgeted**  
 27 **expenditures should be used instead of imposing additional**  
 28 **property taxes for the ensuing year.**

29 (b) For a fund of a political subdivision subject to levy limits under  
 30 IC 6-1.1-18.5-3, the department of local government finance shall  
 31 calculate and certify the allowable budget of the fund if the political  
 32 subdivision adopts a tax levy that exceeds the estimated maximum levy  
 33 limits as provided by the department of local government finance under  
 34 IC 6-1.1-18.5-24.

35 (c) For a fund of a political subdivision subject to levy limits under  
 36 IC 6-1.1-18.5-3 and for which the political subdivision adopts a tax  
 37 levy that is not more than the levy limits under IC 6-1.1-18.5-3, the  
 38 department of local government finance shall review the fund to ensure  
 39 the adopted budget is fundable based on the unit's adopted tax levy and  
 40 estimates of available revenues. If the adopted budget is fundable, the  
 41 department of local government finance shall use the adopted budget  
 42 as the approved appropriation for the fund for the budget year. As



1 needed, the political subdivision may complete the additional  
2 appropriation process through IC 6-1.1-18-5 for these funds during the  
3 budget year.

4 (d) For a fund of the political subdivision subject to levy limits  
5 under IC 6-1.1-18.5-3 and for which the political subdivision adopts a  
6 tax levy that is not more than the levy limits under IC 6-1.1-18.5-3, if  
7 the department of local government finance has determined the adopted  
8 budget is not fundable based on the unit's adopted tax levy and  
9 estimates of available revenues, the department of local government  
10 finance shall calculate and certify the allowable budget that is fundable  
11 based on the adopted tax levy and the department's estimates of  
12 available revenues.

13 (e) For all other funds of a political subdivision not described in  
14 subsections (b), (c), and (d), the department of local government  
15 finance shall certify a budget for the fund.

16 (f) Except as provided in section 16.1 of this chapter, the department  
17 of local government finance is not required to hold a public hearing  
18 before the department of local government finance reviews, revises,  
19 reduces, or increases a political subdivision's budget by fund, tax rate,  
20 or tax levy under this section.

21 (g) Except as provided in subsection (l), IC 20-46, or IC 6-1.1-18.5,  
22 the department of local government finance may not increase a political  
23 subdivision's budget by fund, tax rate, or tax levy to an amount which  
24 exceeds the amount originally fixed by the political subdivision.  
25 However, if the department of local government finance determines  
26 that IC 5-3-1-2.3(b) (before its expiration) applies to the tax rate, tax  
27 levy, or budget of the political subdivision, the maximum amount by  
28 which the department may increase the tax rate, tax levy, or budget is  
29 the amount originally fixed by the political subdivision, and not the  
30 amount that was incorrectly published or omitted in the notice  
31 described in IC 5-3-1-2.3(b) (before its expiration). The department of  
32 local government finance shall give the political subdivision  
33 notification electronically in the manner prescribed by the department  
34 of local government finance specifying any revision, reduction, or  
35 increase the department proposes in a political subdivision's tax levy  
36 or tax rate. The political subdivision has ten (10) calendar days from  
37 the date the political subdivision receives the notice to provide a  
38 response electronically in the manner prescribed by the department of  
39 local government finance. The response may include budget  
40 reductions, reallocation of levies, a revision in the amount of  
41 miscellaneous revenues, and further review of any other item about  
42 which, in the view of the political subdivision, the department is in



1 error. The department of local government finance shall consider the  
 2 adjustments as specified in the political subdivision's response if the  
 3 response is provided as required by this subsection and shall deliver a  
 4 final decision to the political subdivision.

5 (h) The department of local government finance may not approve a  
 6 levy for lease payments by a city, town, county, library, or school  
 7 corporation if the lease payments are payable to a building corporation  
 8 for use by the building corporation for debt service on bonds and if:

9 (1) no bonds of the building corporation are outstanding; or

10 (2) the building corporation has enough legally available funds on  
 11 hand to redeem all outstanding bonds payable from the particular  
 12 lease rental levy requested.

13 (i) The department of local government finance shall certify its  
 14 action to:

15 (1) the county auditor;

16 (2) the political subdivision if the department acts pursuant to an  
 17 appeal initiated by the political subdivision;

18 (3) the taxpayer that initiated an appeal under section 13 of this  
 19 chapter, or, if the appeal was initiated by multiple taxpayers, the  
 20 first ten (10) taxpayers whose names appear on the statement filed  
 21 to initiate the appeal; and

22 (4) a taxpayer that owns property that represents at least ten  
 23 percent (10%) of the taxable assessed valuation in the political  
 24 subdivision.

25 (j) The following may petition for judicial review of the final  
 26 determination of the department of local government finance under  
 27 subsection (i):

28 (1) If the department acts under an appeal initiated by a political  
 29 subdivision, the political subdivision.

30 (2) If the department:

31 (A) acts under an appeal initiated by one (1) or more taxpayers  
 32 under section 13 of this chapter; or

33 (B) fails to act on the appeal before the department certifies its  
 34 action under subsection (i);

35 a taxpayer who signed the statement filed to initiate the appeal.

36 (3) If the department acts under an appeal initiated by the county  
 37 auditor under section 14 of this chapter, the county auditor.

38 (4) A taxpayer that owns property that represents at least ten  
 39 percent (10%) of the taxable assessed valuation in the political  
 40 subdivision.

41 The petition must be filed in the tax court not more than forty-five (45)  
 42 days after the department certifies its action under subsection (i).



1 (k) The department of local government finance is expressly  
 2 directed to complete the duties assigned to it under this section as  
 3 follows:

4 (1) For each budget year before 2019, not later than February 15  
 5 of that budget year.

6 (2) For each budget year after 2018, not later than December 31  
 7 of the year preceding that budget year, unless a taxing unit in a  
 8 county is issuing debt after December 1 in the year preceding the  
 9 budget year or intends to file a shortfall appeal under  
 10 IC 6-1.1-18.5-16.

11 (3) For each budget year after 2018, not later than January 15 of  
 12 the budget year if a taxing unit in a county is issuing debt after  
 13 December 1 in the year preceding the budget year or intends to  
 14 file a shortfall appeal under IC 6-1.1-18.5-16.

15 (l) Subject to the provisions of all applicable statutes, and  
 16 notwithstanding IC 6-1.1-18-1, the department of local government  
 17 finance shall, unless the department finds extenuating circumstances,  
 18 increase a political subdivision's tax levy to an amount that exceeds the  
 19 amount originally advertised or adopted by the political subdivision if:

20 (1) the increase is requested in writing by the officers of the  
 21 political subdivision;

22 (2) the requested increase is published on the department's  
 23 advertising Internet web site and (before January 1, 2015) is  
 24 published by the political subdivision according to a notice  
 25 provided by the department; and

26 (3) notice is given to the county fiscal body of the department's  
 27 correction.

28 If the department increases a levy beyond what was advertised or  
 29 adopted under this subsection, it shall, unless the department finds  
 30 extenuating circumstances, reduce the certified levy affected below the  
 31 maximum allowable levy by the lesser of five percent (5%) of the  
 32 difference between the advertised or adopted levy and the increased  
 33 levy, or one hundred thousand dollars (\$100,000).

