



It's a lot like sausagemaking: A summary of local government finance bills from the 2014 Session

**Mike Duffy, General Counsel
(and David Marusz, Staff Attorney)**

Treasurers' Conference

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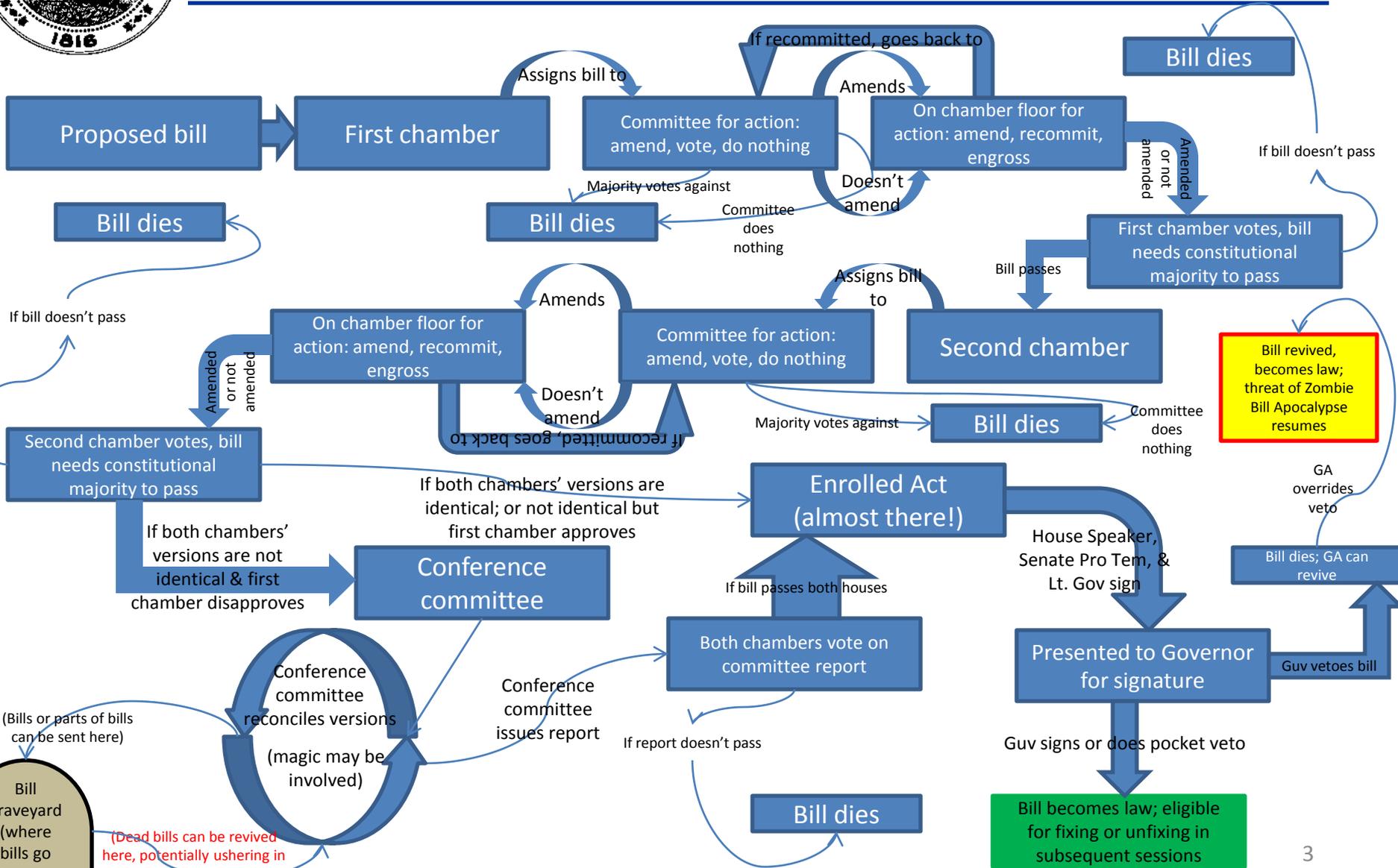


The 2014 Legislative Session

- “The Short Session” of the 118th General Assembly.
- Began January 7-ish, coinciding with the Snowpocalypse™.
- Ended March 13-ish, coinciding with the Big Ten™ Basketball Championship Tournament.
- Roughly 423 Senate bills & 1447 House bills filed; a comparative handful from each became law.

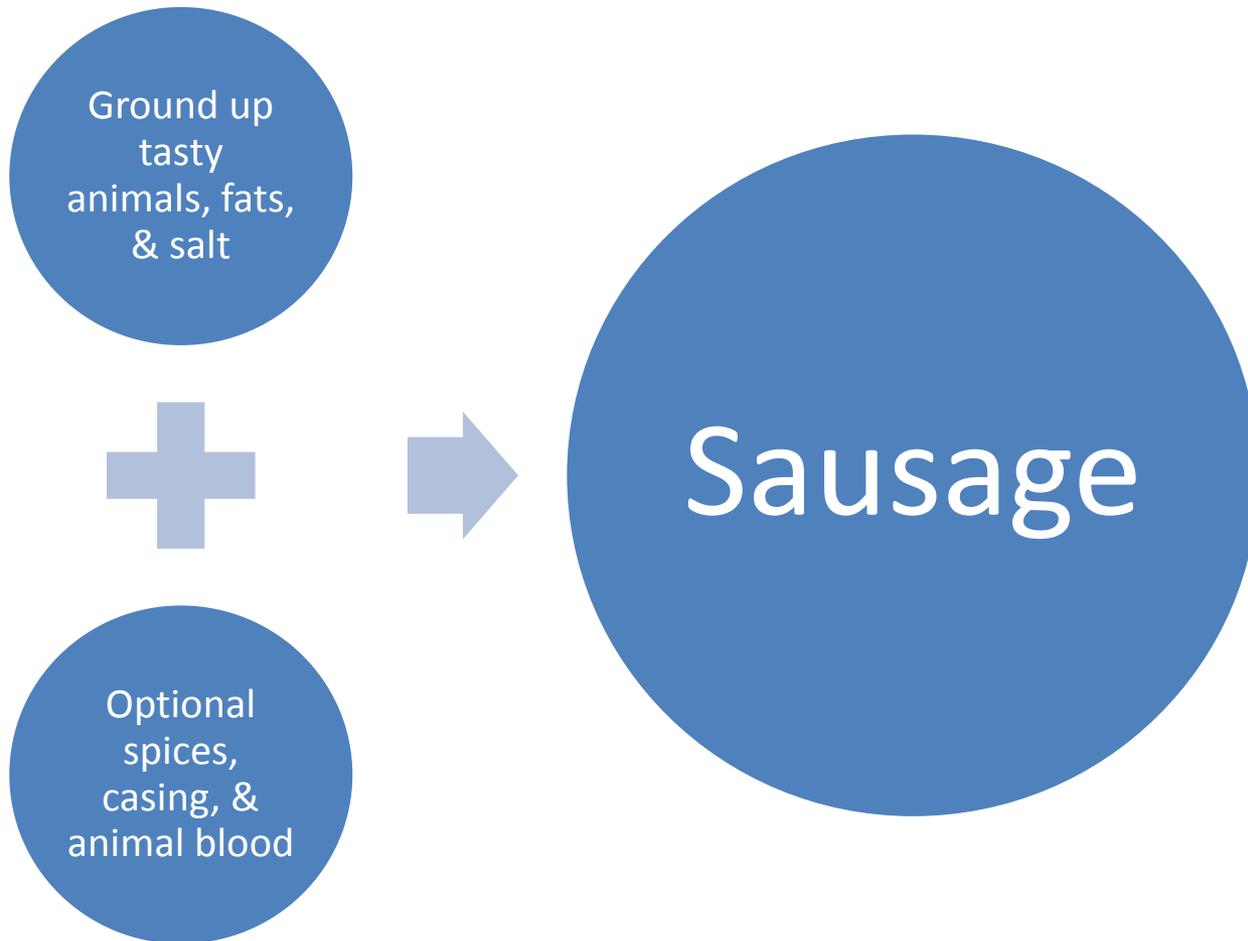


How a bill becomes law in Indiana (condensed, unofficial version)





How sausage is made





Data



OPEB (HEA 1266)

- Currently, each political subdivision has to post on Gateway the following OPEB information:
 - Liabilities (incl. unfunded liabilities).
 - Assets.
 - Contributions.
 - Expenses.
- HEA 1266 gets rid of this requirement. Instead:
- After July 1, 2014, each political subdivision must report to the DLGF information and data on retiree benefits & expenditures by March 1 of each year.



Assessment & Billing



Business Personal Property (“BPP”) Exemptions (SEA 001)

County option exemptions:

- On BPP with an acquisition cost under \$20,000.
- On all new BPP.

Applies July 1, 2015



Business Personal Property Exemptions (SEA 001)

“Business personal property”

- Used in a trade or business; or
- Held, used, or consumed with production of income; and
- Either
 - Acquired in an arms length transaction from an entity unaffiliated with the taxpayer, if previously used in Indiana; or
 - Acquired in any manner, if never previously used in Indiana.
- Includes personal property owned by telephone or communications companies.
- Does not include mobile homes, investment properties, or public utility properties.



Business Personal Property Exemptions (SEA 001)

Under \$20,000 BPP Exemption (IC 6-1.1-3-7.2)

- COIT council must adopt ordinance.
- Public hearing before adoption; IC 5-3-1 applies.
- Copies of ordinance to DLGF & County Auditor.
- Exempts BPP with an acquisition cost < \$20,000 for a particular assessment date.
- No personal property tax return required.
- Taxpayer must file annual certified statement with assessor, subject to \$25 penalty.



Business Personal Property Exemptions (SEA 001)

New BPP Exemption (IC 6-1.1-10.3)

“New business personal property”

- Taxpayer places in service after the ordinance is adopted or after a date specified in the ordinance.
- Not previously been used in Indiana before acquisition.



Business Personal Property Exemptions (SEA 001)

New BPP Exemption (IC 6-1.1-10.3)

- COIT council must adopt ordinance.
- Public hearing before adoption; IC 5-3-1 applies.
- Copies of ordinance to DLGF & County Auditor.
- Exempts all new BPP.
- BPP already placed in service or previously used in Indiana as of adoption date or effective date is still taxed.
- COIT council may repeal or amend ordinance, but any BPP that was exempt due to ordinance remains exempt.
- No application or personal property tax return required.



Early Childhood Education Services Exemption (SEA 158)

For-profit providers of early childhood education services.

- Services to children 4 & 5 years old; if serving younger children as well, exemption is proportional to enrollment count of 4 & 5 year olds.
- Enrollment count on the assessment date or closest business day.
- Owner-provider may appeal the count on that date if it does not represent the normal enrollment count for that year. Appeal must be filed no later than the IC 6-1.1-10-16 deadline.
- Successful appeal, assessor assigns an alternate date to be used for that year.



Early Childhood Education Services Exemption (SEA 158)

Requirements

- Primary educational purpose.
- Provider owns & predominantly occupies & uses the property.
- Provider participates in the early education evaluation program (see IC 12-17.2-3.8).
- Attains a Level 3 or Level 4 Paths to QUALITY program rating (or equivalent, nationally recognized rating).



Exemption Matters (HEA 1266 & SEA 420)

HEA 1266 Sec. 6 – ineligibility after assessment date

For an exempt property that becomes ineligible after change in ownership or use:

- The exemption must be pulled for that assessment date.
- The assessor must notify the recipients of the TS-1s that the county auditor will pull the exemption unless the recipients provide an affidavit identifying the new owners and indicating whether the property still meets the exemption requirements.



Exemption Matters (HEA 1266 & SEA 420)

HEA 1266 Sec. 6 – ineligibility after assessment date

- If an exempt property remains eligible after change in ownership or use, the exemption stays on for that assessment date.
- If the exempt property changes ownership or use, then the current owner or the person that obtained the exemption must file a Form 136 with the county assessor, in duplicate.



Exemption Matters (HEA 1266 & SEA 420)

HEA 1266 Sec. 6 – ineligibility after assessment date

If change in ownership or use happens after an assessment date, and the property:

- Becomes ineligible → taxpayer files Form 136 CO/U
- Remains eligible → taxpayer files Form 136 for next assessment date
- Is discovered by assessor to be ineligible → assessor notifies recipient of bill that exemption will be pulled; recipient files affidavit

Effective date is July 1, 2014. Expiration date is December 31, 2015.



Exemption Matters (HEA 1266 & SEA 420)

SEA 420 Sec. 19 – when eligibility on assessment date perseveres change in ownership or use

Applies for assessment years 2016 and beyond (for mobile homes, 2017 and beyond)

- An exemption for a particular assessment date must be based on eligibility on that assessment date.
- An act occurring after an assessment date, including a change in
 - use, value, character, or ownership of the tangible property; or
 - the age, disability, or income of any owner, contract buyer, or possessor of tangible property;does not affect the eligibility of the property for the exemption on that assessment date.



Exemption Matters (HEA 1266 & SEA 420)

SEA 420 Sec. 19 – when eligibility on assessment date perseveres change in ownership or use

Example: A property tax exemption is applied to a charitable organization's building for the January 1, 2016, assessment date. On November 1, 2016, the charitable organization sells the building to a startup, for-profit business. The exemption on that building remains for the January 1, 2016, assessment date.



Exemption Matters (HEA 1266 & SEA 420)

HEA 1266 vs. SEA 420

- How does this affect HEA 1266?
- Any conflict between SEA 420 & a change in IC 6-1.1-11 made during the 2014 Session, SEA 420 controls with respect to procedures for exempting property from taxes.
- So our amendment in HEA 1266 is in effect from July 1, 2014, through December 31, 2015.

HEA 1266 can put up a good fight, but eventually it'll have to throw the match.



Exemption Matters (HEA 1266 & SEA 420)

HEA 1266 vs. SEA 420

For assessment years 2014 & 2015

- If a property is transferred or its use is changed so that it is no longer eligible for an exemption under IC 6-1.1-10, the exemption is **removed** for that year's assessment date.

For assessment years 2016 & 2017

- Starting in 2016, if non-mobile home property receiving an exemption is transferred or its use changed so that it is no longer eligible for an exemption under IC 6-1.1-10, the exemption will **remain** in place for that year's assessment date.
- Starting in 2017, if a mobile home property receiving an exemption is transferred or its use changed so that it is no longer eligible for an exemption under IC 6-1.1-10, the exemption will **remain** in place for that year's assessment date.



Deductions

(HEA 1046 and 1266; SEA 1, 249, 367)

- HEA 1046 introduces a deduction for heritage barns, meaning those barns that on the assessment date:
 - (A) were constructed before 1950;
 - (B) retain sufficient integrity of design, materials, and construction to clearly identify the building as a barn;
 - (C) are not being used for agricultural purposes in the operation of an agricultural enterprise; and
 - (D) are not being used for a business purpose.

The deduction is equal to 100% of the assessed value of the structure and foundation of the heritage barn. First applies to the 2015 Pay 2016 cycle.



Deductions

(HEA 1046 and 1266; SEA 1, 249, 367)

- HEA 1266 amends a variety of property tax deduction statutes to conform with conventional practice regarding the filing deadline. In essence, deduction applications must be completed and signed on or before December 31 and filed or postmarked on or before the following January 5 in order for the deduction to apply to that tax cycle.
- HEA 1266 also amends the statute governing the “carry-over” of deductions so it mirrors customary practice. Deductions validly in place on the assessment date will remain in place for the entire tax cycle, even if the property owner becomes ineligible for the deduction following the assessment date but during the same tax cycle.
- SEA 367 also amends the homestead deduction statute so that active military personnel can continue to receive the deduction even if they’re transferred out of state.
- SEA 249 requires each county auditor that makes a determination that property was not eligible for a homestead deduction it received to notify the county treasurer of the determination and do one or more of the following:
 - (A) Make a notation on the tax duplicate that the property is ineligible for the standard deduction and indicate the date the notation is made.
 - (B) Record a notice of an ineligible homestead lien.



Deductions

(HEA 1046 and 1266; SEA 1, 249, 367)

- SEA 1 creates a “superabatement” whereby the designating body may establish a superabatement schedule for select business personal property under IC 6-1.1-12.1-4.5. A superabatement schedule must specify the percentage amount of the deduction for each year of the deduction, and may not exceed 20 years.
- If a taxpayer is granted a superabatement that exceeds ten years, the designating body must conduct a public hearing to review the taxpayer’s compliance with the statement of benefits provided to the designating body after the tenth year of the abatement.



Tax Caps (SEA 367)

- SEA 367 provides that the term “residential property” for purposes of the tax caps now includes a single family dwelling that is under construction and the land, not exceeding one acre, on which the dwelling will be located. The term does not include real property that consists of a commercial hotel, motel, inn, tourist camp, or tourist cabin.



Utilities (HEA 1266)

- HEA 1266 amends several statutes concerning public utility property tax filings:
- Now when each public utility company files its statement with DLGF, it must do so in the manner prescribed by the DLGF and on or before March 1 of that year (for companies other than railroad car companies) or July 1 of that year if the company is a railroad car company. Because the statute now sets the filing deadline at July 1 for railroad car companies, the DLGF's authority to grant filing extensions has been repealed.
- A public utility company may, not later than 60 days after filing a valid and timely statement, file an amended statement: (1) for distribution purposes; (2) to correct errors; or (3) for any other reason, except obsolescence or the credit for railroad car maintenance and improvements.
- While the penalty for failure to timely file a statement is still \$100 per day for each day that the statement is late, the total penalty cannot exceed \$1,000.
- Finally, when the DLGF must assess the property of a public utility company that does not file a statement, permit the DLGF to examine the public utility's property, books, or records, or comply with a summons issued by the DLGF, the public utility company may provide the DLGF with the statement not later than one year after the DLGF makes its assessment. If a public utility company does so, the DLGF may amend the assessment it makes in reliance on the public utility company's statement.



Soil Productivity Factors (SEA 111)

- SEA 111 provides that the soil productivity factors used for the March 1, 2011 assessment date are to be used for the March 1, 2012, March 1, 2013, and March 1, 2014 assessment dates. New soil productivity factors are to be used for assessment dates occurring after March 1, 2014.
- This amendment is effective retroactively to January 1, 2014.



Assessment Appeals

SEA 266 – who has the burden of proof?

- Repeals IC 6-1.1-4-4.3.
- If AV of property increased more than 5% over the prior year's AV, the burden's on the assessor.
- "Prior year's AV"
 - Original AV for that year; or
 - AV as last corrected by assessor, settled during informal conference with assessor, or as determined by PTABOA.



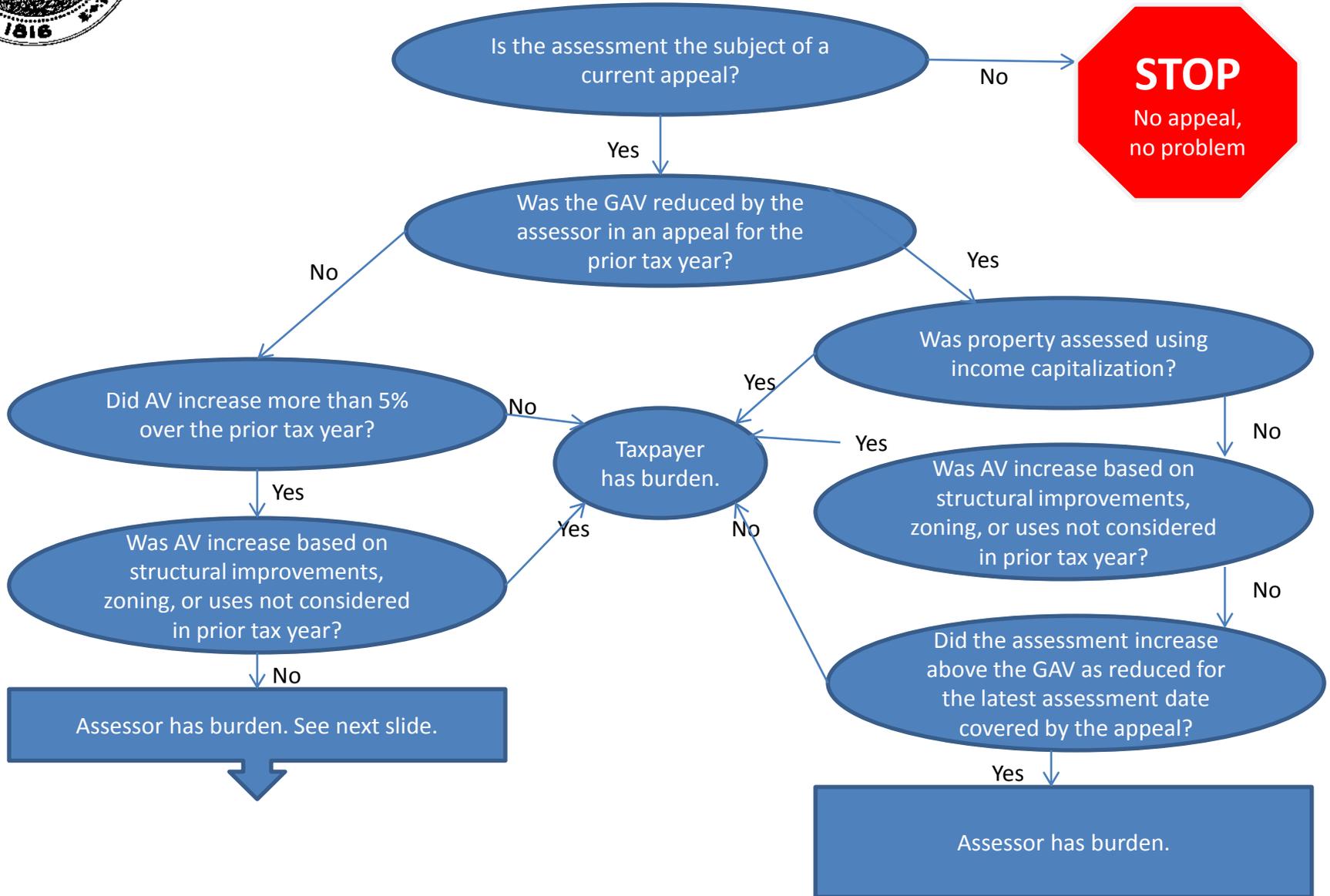
Assessment Appeals

SEA 266 – who has the burden of proof?

- If assessor fails to meet burden, taxpayer may prove what the correct assessment is.
- If no one meets the burden, AV reverts to the prior year's AV.
- If the GAV of real property increases above the AV determined by an appeal, the assessor has the burden of proof.



Assessment Appeals





Assessment Appeals

If assessor has the initial burden and fails to meet it...



Burden passes to taxpayer.



If taxpayer fails to meet burden...



AV reverts to the assessment for the prior tax year.



Assessment Appeals

SEA 266 applies to all appeals pending on the effective date of the amendments made in the 2014 Session, and to all appeals filed thereafter.

SEA 266 does not apply to

- properties valued using the income capitalization approach in the appeal;
- structural improvements, zoning, or uses not considered in the assessment for the prior year.

Effective upon passage (3/25/2014).



Assessment Appeals

SEA 225 – Section 16

- A taxpayer can choose to receive electronic notices in appeals before the IBTR.
- Effective July 1, 2014.

HEA 1266 – Section 19

- A Correction of Error Appeal must be filed with the County Auditor within 3 years after the taxes were first due.
- Effective upon passage.



Assessor-Appraiser Matters (HEA 1318)

- HEA 1318 – Secs. 12 & 13
- Candidate certifications for office-seekers
- All candidates for county assessor or township assessor must attain a level 3 assessor-appraiser certification before taking office.
- Currently, all candidates for county assessor must obtain level 3 certification before running for office.
- Township assessors who held office on January 1, 2012, and run in an election after January 1, 2016, must obtain a level 3 certification before taking office.



Assessor-Appraiser Matters (HEA 1318)

- Effective January 1, 2015; changes will not apply to upcoming elections in 2014.
- In effect:
 - All candidates for county assessor offices must have their level 3 certification before taking office.
 - As with current law for county assessors incumbent on January 1, 2012, township assessors incumbent on January 1, 2012, must also have their level 3 certifications before taking office on or after January 1, 2017.
 - However, all incumbent township assessors are running for reelection in 2014, before the law goes into effect. So they are all still required to obtain a level 3 certification before taking office (if reelected) before January 1, 2015.
 - Non-incumbent candidates for township assessor offices must have their level 3 certification before taking office.



Assessor-Appraiser Matters (HEA 1234)

- HEA 1234 introduces some changes concerning the composition of Property Tax Assessment Boards of Appeal:
- First, in a county with a five-member PTABOA, the county fiscal body may waive the requirement that at least one of the PTABOA members appointed by the fiscal body must be a certified level two or level three assessor-appraiser. In a county with a three-member PTABOA, the county fiscal body may waive the requirement that the PTABOA member appointed by the fiscal body must be a certified level two or level three assessor-appraiser.
- Second, an employee of the township assessor or county assessor or an appraiser (as defined in IC 6-1.1-31.7-1) may not serve as a voting member of a PTABOA in a county where the employee or appraiser is employed.



Assessor-Appraiser Matters (HEA 1234)

- HEA 1234 also introduces an assessor-appraiser revocation appeals board.
- The sole purpose of the Board is conducting an appeal of the DLGF's revocation of assessor-appraiser certification based on a claim of gross incompetence. The Board consists of the following seven members:
 - Two representatives of the DLGF appointed by the DLGF commissioner, who must then designate one of the appointed representatives as the chairperson of the board.
 - Two individuals appointed by the governor who must be township or county assessors.
 - Two individuals appointed by the governor who must be licensed appraisers.
 - One individual appointed by the governor who must be a resident of Indiana.
- Not more than four members of the Board may be members of the same political party, and each member of the board serves at the pleasure of whomever appointed him or her.
- The Board must meet as often as is necessary to properly perform its duties.



General Assembly Trivia!

- Which of these was NOT a bill introduced this past session?
 - A) industrial hemp
 - B) feral cats
 - C) removing wild animals from airport runways
 - D) drug testing for state legislators



General Assembly Trivia!

- TRICK QUESTION! Those were all bills introduced this past session!



Assessor-Appraiser Matters Some More (HEA 1234 & SEA 421)

- Local assessors, their employees, and appraisers must adhere to:
 - USPAP.
 - Statutory standards laid out in IC 6-1.1-35.7.
- What an assessor-appraiser must do:
- Be competent to perform a particular assessment;
- Become competent to perform a particular assessment; or
- Contract with an appraiser who is competent to perform a particular assessment.



Assessor-Appraiser Matters Some More (HEA 1234 & SEA 421)

- What assessor-appraisers shall not do:
- Conduct an assessment that includes the reporting of a predetermined opinion or conclusion.
- Misrepresent the individual's role when providing valuation services that are outside the practice of property assessment.
- Communicate assessment results with the intent to mislead or defraud.
- Communicate a report that the individual knows is misleading or fraudulent.
- Knowingly permit an employee or other person to communicate a misleading or fraudulent report.
- Engage in criminal conduct.
- Willfully or knowingly violate confidentiality requirements in IC 6-1.1-35-9.
- Perform an assessment in a grossly negligent manner.
- Perform an assessment with bias.
- Advocate for an assessment. However, this does not preclude defending or explaining the accuracy of an assessment and any corresponding methodology used in the assessment at a preliminary informal hearing, during settlement discussions, at a public hearing, or at the appellate level.



Assessor-Appraiser Matters Some More (HEA 1234 & SEA 421)

- Gross incompetence of an assessor-appraiser gives the DLGF authority to revoke certification.
 - DLGF must show violation of IC 6-1.1-35.7 by a preponderance of the evidence.
 - A revocation can last for up to 3 years.
- Upon an appraiser's revocation:
 - Any contract for appraisal of contract entered into is void.
 - Appraiser may not receive any additional payments under the contract.
- Note that HEA 1234/SEA 421 gives an opportunity to appeal to the certification appeal board.



Tax Representatives (HEA 1234 & SEA 421)

- “Tax representative” is defined in this law the same as in 50 IAC 15.
- What a tax rep may not do:
 - Use deceit, undue influence, coercion, etc., with respect to any matter relating to practice before PTABOA or the DLGF.
 - Knowingly misrepresent information.
 - Knowingly submit false information.
 - Knowingly fail to use appraisal standards required by DLGF, IBTR, & PTABOA.
 - Commit fraud.
 - Prepare documents or provide evidence without the client’s authorization.
 - Knowingly keep a client in the dark about matters relating to the appeal (e.g., filings, hearing dates, etc.).



Tax Representatives (HEA 1234 & SEA 421)

- DLGF may revoke a tax rep's certification on the following grounds:
- Violating DLGF, IBTR, or PTABOA rules regarding
 - Solicitation;
 - Acquiring or maintaining certification; or
 - Practice.
- Gross incompetence.
- Dishonesty, fraud, or material deception.



Tax billing (HEA 1234 Sec. 1)

Starting with the 2014-pay-2015 cycle, tax bills will be mailed at least 15 business days before the first installment date.

- May 10 → mailed by April 20.
- Assuming no state holidays (i.e., Good Friday) (DLGF suggests mailing by April 18 to account for closures [see below]).

IC 36-2-10-4

Location of office; business hours and days

- Sec. 4. The treasurer shall keep his office in a building provided at the county seat by the county executive. He shall keep his office open for business during regular business hours on every day of the year except Sundays and legal holidays. However, he may close his office on days specified by the county executive according to the custom and practice of the county.

IC 36-2-10-5

Legal action on days office is closed

- Sec. 5. A legal action required to be taken in the treasurer's office on a day when his office is closed under section 4 of this chapter may be taken on the next day his office is open.
- Effective July 1, 2014.



Assessment Timeline Overhaul (SEA 420)

- Assessment date is moving to January 1, starting:
 - After December 31, 2015, for non-mobile home property.
 - After December 31, 2016, for mobile homes.



Assessment Timeline Overhaul (SEA 420)

Key changes to deadlines:

- Filing date for personal property returns stays at May 15; amended returns by April 1.
- Cyclical reassessment
 - Plans due May 1 of year before reassessment cycle starts.
 - **Effective July 1, 2014**, reassessment begins May 1, ends January 1 of the following year.
 - First 1/3 done by August 1.
 - Second 1/3 done by November 1.
 - Last 1/3 done by January 1.



Assessment Timeline Overhaul (SEA 420)

Key changes to deadlines:

- Exemption applications due April 1, PTABOA gives notice of denial by April 25.
- Notice of assessment to taxpayer by February 10.
- Assessor rolls personal property GAV to auditor by June 15 (starting 2016).
- Township assessor rolls GAV of real property to county assessor by May 1 (starting 2016).
- County assessor rolls real property GAV to auditor by June 1 (starting 2016).
- Tax data files to DLGF by September 1.



Budget



TIF Overhaul (SEA 118)

Legislative body/fiscal body approval of obligations

- RDCs cannot go into debt payable from public funds without legislative/fiscal body approval.
 - Except:
 - Acquiring real property; and
 - Either payments made in 3 years or purchase price is less than \$5 million.
 - Includes RDC of Marion County on purchase of property over a five year term.
- Ordinance/resolution must state:
 - Maximum amount of obligation;
 - Maximum interest rate or rates;
 - Any provisions for
 - redemption before maturity; and
 - Payment of capitalized interest associated with obligation; and
 - Maximum term of obligation.



TIF Overhaul (SEA 118)

Oversight of RDCs

- Legislative body of the unit.
- Includes review of annual budgets.
- RDCs are subject to the same laws, rules, and ordinances of a general nature that apply to all other commissions and departments of the unit.
- RDCs are subject to audit by the SBOA.
- RDCs are subject to public meetings and public records laws.



TIF Overhaul (SEA 118)

Fiscal Officers, in general

- The fiscal officer of the unit that established the RDC is the treasurer of the RDC.
- The fiscal officer has charge over RDC funds and accounts in accordance with the requirements of state laws that apply to other funds and accounts the fiscal officer administers.
- The treasurer of an RDC (and secretary-treasurer of the RDC in Marion County) must report annually to the fiscal body of the unit that established the RDC.



TIF Overhaul (SEA 118)

Fiscal Officer of Indy RDC

- The Controller of Indianapolis is the fiscal officer of the Indianapolis RDC.
- Can obtain financial services on a contractual basis to carry out the powers and duties of the RDC and protect the public interests related to the operations and funding of the RDC.



TIF Overhaul (SEA 118)

Dwellings

- RDCs may not own, lease, or hold a single family dwelling or condo leased for use by individuals as a dwelling.
- An agreement in effect as of June 30, 2014, that is contrary to this prohibition cannot be extended beyond the term stated in the agreement.
- RDCs may own property as a land bank of the unit.



TIF Overhaul (SEA 118)

Sale, Transfer, and Disposition of Property

- RDC must provide to the legislative body all information supporting the RDC's proposed action regarding sale, transfer, or disposition of property.
- Must be at a public hearing.



TIF Overhaul (SEA 118)

Excess Assessed Value

- If the RDC determines that the EAV is expected to generate over 200% of the allocated tax proceeds necessary to carry out the RDC's plan, the amount of the EAV available to other taxing units must get legislative body approval.
- The legislative body may modify the EAV amount that the RDC determined.



TIF Overhaul (SEA 118)

Miscellany

- Entities that can exercise eminent domain for redevelopment purposes.
 - Outside Marion County → legislative body only
 - In Marion County → RDC (Department of Metropolitan Development)
- Amendments of a plan establishing an allocation area requires legislative body approval.
 - Must include in the establishing declaratory resolution/amendment a specific finding of fact that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision.
 - IOW, the RDC must show that the amendment is necessary to generate new tax revenue.
- Expiration dates of allocation areas.
 - Established before July 1, 1995 → June 30, 2025, or the last date of any obligations outstanding on July 1, 2015, whichever is later.
 - The consolidated allocation area in downtown Indy is exempt from these expiration dates.



Advertising and Penalties (HEA 1266)

- HEA 1266 introduces changes concerning the advertising of budgets and the penalties for advertising errors.
- For 2015, units must still publish ads in newspapers. However, this obligation expires for 2016 budgets. Units must also submit budget ad information through Gateway and starting for 2015, DLGF is required to verify only the Gateway ads.
- Now units must, at least ten days before the public hearing, give notice of:
 - (1) the estimated budget;
 - (2) the estimated maximum permissible levy;
 - (3) the current and proposed tax levies of each fund; and
 - (4) the amounts of excessive levy appeals to be requested.
- For 2015, units must still publish the notice twice in accordance with IC 5-3-1 with the first publication at least ten days before the date fixed for the public hearing. The first publication must be before September 14, and the second publication must be before September 21 of the year.



Advertising and Penalties (HEA 1266)

- Starting for 2015 budgets, units must submit the same information to Gateway before September 14 of each year and at least ten days before the public hearing. The DLGF must make this information available to taxpayers at least ten days before the public hearing through Gateway and provide a telephone number through which taxpayers may request mailed copies of a unit's information. Gateway must allow a taxpayer to search for the information by the taxpayer's address.
- For taxes due and payable in 2015 and 2016, each county must publish a notice in accordance with IC 5-3-1 in two newspapers published in the county stating the Internet address at which the Gateway information is available and the telephone number mentioned above. If only one newspaper is published in the county, publication in that newspaper is sufficient. The DLGF must prescribe the notice. This notice must be published before September 14. Counties may seek reimbursement from the political subdivisions within their legal boundaries for the cost of this notice. These actions must be completed in the manner prescribed by the DLGF.



Advertising and Penalties (HEA 1266)

- A unit for which any of the budget information is not (before January 1, 2015) published and is not submitted to Gateway in the manner prescribed by the DLGF must have its most recent annual appropriations and annual tax levy continued for the ensuing budget year.
- If a unit or appropriate fiscal body timely publishes (before January 1, 2015) and timely submits the information but subsequently discovers the information contains a typographical error, the unit or appropriate fiscal body may request permission from the DLGF to submit amended information to Gateway and (before January 1, 2015) to publish the amended information. However, such a request must occur not later than seven days before the public hearing. Acknowledgment of the correction of an error must be posted on Gateway and communicated by the unit or appropriate fiscal body to the fiscal body of the county in which the unit and appropriate fiscal body are located.



Advertising and Penalties (HEA 1266)

- DLGF must, unless it finds extenuating circumstances, increase a unit's tax levy to an amount that exceeds the amount originally advertised or adopted by the unit if: 1) the increase is requested in writing by the officers of the unit; the requested increase is published on Gateway and (before January 1, 2015) is published by the unit according to a notice provided by the DLGF; and notice is given to the county fiscal body of the error and the DLGF's correction.
- If the DLGF increases a levy beyond what was advertised or adopted, it must, unless it finds extenuating circumstances, reduce the certified levy affected below the maximum allowable levy by the lesser of 5% of the difference between the advertised or adopted levy and the increased levy, or \$100,000.
- Certain statutes and provisions expire after 2015 due to the expiration of the newspaper publication requirement.



Fire Territory and Fire Loan Matters (HEA 1266)

- HEA 1266 allows the provider unit of a fire protection territory to maintain a reasonable balance in the fire protection territory operating fund that does not exceed 120% of the budgeted expenses. In other words, if the budgeted expenses for the fund for a year are \$100,000, then the day-to-day or “fund” balance in the fund may not exceed \$120,000. This does not apply to the operating balance. This change (which is more about book-keeping than DLGF budget review) is effective July 1, 2014.
- HEA 1266 also places township emergency fire loans outside the townships’ max levies. In 2013, legislation placed these loans within the townships’ max levies. Because the amendment takes effect July 1, 2014, the placement of the loans outside townships’ maximum levies will first occur for the 2015 budget cycle.



School Operating Referenda (SEA 207 and 367)

- Senate Enrolled Act 207 amended statutes under IC 20-46-1 governing the school referendum tax levy. Although most of these amendments were negated by the effect of Senate Enrolled Act 367 (“SEA 367”) (see below), two changes ultimately did result from SEA 207. These changes are effective July 1, 2014.
- Pursuant to IC 20-46-1-10, as amended, the question to be submitted to the voters in the referendum is now to include a description of the purpose of the funding. Also, if a majority of voters reject the referendum,
 - (1) the school corporation may not make any levy for its referendum tax levy fund; and
 - (2) another such referendum may not be held earlier than 350 days after the date of the referendum.
- Subsequently, Governor Pence signed into law SEA 367, which essentially repealed most of the changes made by SEA 207. However, it did not negate the two changes SEA 207 made as discussed above. In sum, the process by which a school corporation implements a referendum tax levy is largely unchanged, except that the content of the referendum question is now a little different.



Debt Funds, School Debt Restructuring, and School Circuit Breaker Management (HEA 1062)

- Regarding debt service funds, although HEA 1062's change took effect upon passage, it applies to property taxes first due and payable after December 31, 2014.
- In determining the amount of the levy for a debt service fund for an ensuing year, the maximum amount allowed for an operating balance in the debt service fund is the sum of:
 - (1) 15% of the budget estimate for the debt service fund for the ensuing year for debt originally incurred after June 30, 2014; plus
 - (2) 50% of the budget estimate for the debt service fund for the ensuing year for debt originally incurred before July 1, 2014.
- If debt is refinanced, the date the refinanced debt was originally incurred, and not the date that the refinancing is closed, is the date to be used for these purposes.
- The property taxes allowed for an operating balance in the debt service fund may not be construed as an increase in a political subdivision's property tax levy to make up for a reduction in property tax collections resulting from the application of the circuit breaker credits (which is otherwise prohibited by IC 6-1.1-20.6-9.5).



Debt Funds, School Debt Restructuring, and School Circuit Breaker Management (HEA 1062)

- In order for a school corporation to be eligible to restructure, the school corporation must still determine that the circuit breaker-to-fund percentage is at least 20% regarding the year for which the latest certified levies have been determined and request and receive certification of such by the DLGF.
- Regarding school debt restructuring, when a school corporation wants to be eligible to restructure its debt and it provides notice of the public hearing that precedes adoption of a debt restructuring resolution, it must provide notice of the purpose of the hearing and the time, date, and place of the hearing, published as required by IC 5-3-1.
- If at least one taxpayer appearing at the public hearing objects to the proposed resolution and files a written objection with the governing body of the school corporation and the county auditor not more than 10 days after the public hearing, a petition requesting the application of a petition and remonstrance process may be filed not more than 30 days after the public hearing by 100 persons who are either owners of property within the school corporation or registered voters residing within the school corporation.
- Except as otherwise provided, the provisions of IC 6-1.1-20-3.1(b) governing the initiation of a petition and remonstrance process for a controlled project (including the provisions governing verification of petitions) apply to the petition requesting the application of a petition and remonstrance process.



Debt Funds, School Debt Restructuring, and School Circuit Breaker Management (HEA 1062)

- The following apply if a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth above:
 - (1) The petition and remonstrance process prescribed by IC 6-1.1-20-3.2(b) for controlled projects must be used to determine whether the governing body of the school corporation may adopt a debt restructuring resolution and issue refunding bonds.
 - (2) The governing body of the school corporation may not adopt a debt restructuring resolution and may not issue refunding bonds unless more individuals sign the petition for the bond refunding than the number of individuals signing a remonstrance against the bond refunding.
- Except as otherwise provided, the provisions of IC 6-1.1-20-3.2(b) governing the petition and remonstrance process for a controlled project apply to this petition and remonstrance process.



Debt Funds, School Debt Restructuring, and School Circuit Breaker Management (HEA 1062)

- Whereas IC 5-1-5-2.5 previously required that school corporations with percentages greater than 45% or percentages between 30% and 45% use the petition and remonstrance and referendum processes, respectively, to become eligible school corporations, IC 5-1-5-2.5, as amended, no longer features these provisions. Likewise, IC 5-1-5-2.5, as amended, no longer features the language requiring school corporations adopting a debt restructuring resolution before January 1, 2014 to either fall within the top ten highest percentage rankings or to have their financial plans for paying refunding bonds approved by the Distressed Unit Appeal Board (“DUAB”) in order to become eligible school corporations. Consequently, school corporations are no longer required to report information concerning the refunding to the DUAB (this requirement previously applied to school corporations falling within the top ten highest percentage rankings).



Debt Funds, School Debt Restructuring, and School Circuit Breaker Management (HEA 1062)

- A school corporation that desires to be eligible for debt restructuring must, before January 1, 2019, and notwithstanding any other law, adopt a debt restructuring resolution. The content required for the resolution is the same as before, except that it must include a determination providing for the issuance of bonds to refund not more than 50% of outstanding bonds or leases issued by or on behalf of the school corporation before January 1, 2009. In addition, the resolution no longer needs to document the results of the petition and remonstrance or referendum processes due to the amendment to IC 5-1-5-2.5 discussed above.



Debt Funds, School Debt Restructuring, and School Circuit Breaker Management (HEA 1062)

- Regarding the management of circuit breaker credits by school corporations, a school corporation is eligible to allocate credits proportionately for 2014, 2015, or 2016, if the school corporation's percentage (discussed below) is at least 10% for its transportation fund levy for that year, as certified by the DLGF.
- A school corporation must compute its percentage as follows:
 - (1) Compute the amount of circuit breaker credits against the school corporation's levy for its transportation fund.
 - (2) Compute the school corporation's levy for its transportation fund.
 - (3) Divide the amount computed under subdivision (1) by the amount computed under subdivision (2) and express it as a percentage.
- The computation must be made by taking into account the requirements of IC 6-1.1-20.6-9.8 regarding protected taxes and the impact of credits granted under IC 6-1.1-20.6 on the revenue to be distributed to the school corporation's transportation fund for the particular year.
- A school corporation seeking to be eligible to make this allocation must, before May 1 of the year for which it wants a determination, submit a written request for a certification by the DLGF that the computation of the school corporation's percentage is correct.
- The DLGF must, not later than June 1 of that year, determine whether the percentage computed by the school corporation is accurate and certify whether the school corporation is eligible.
- For a school corporation that is certified as eligible, it may allocate the effect of the circuit breaker credits proportionately among all the school corporation's property tax funds that are not exempt under IC 6-1.1-20-7.5(b) or 7.5(c), based on the levy for each fund and without taking into account the requirements of IC 6-1.1-20.6-9.8 regarding protected taxes.



Fiscal Dashboard (SEA 106)

- DLGF must develop indicators that aid in evaluating the fiscal health of schools & other local units.
- Must be published on Gateway before July 1, 2015.
- Neither the DLGF nor any other state agency may use these indicators to assign a summative grade.



Fiscal Dashboard (SEA 106)

- What the DLGF can use when developing indicators:
 - Cash balances.
 - Debt to revenue ratios.
 - Condition of the property tax base, measured by AV & per capita tax revenue.
 - Per capita tax revenue.
 - Trends in the amount of tax revenue.
 - Structural deficit/structural surplus.
 - For political subdivisions, number & size of the TIF districts designated by the political subdivision's RDC, if any.
 - Effects from TIFs, if any.
 - Effects from exempt properties, if any.
 - Bond ratings.
 - Retiree benefits paid.
 - Pension contributions paid by employees.
 - Any other factor the DLGF deems relevant.



Fiscal Dashboard (SEA 106)

- Unit executive may, after June 30, 2015, petition the DUAB for technical assistance in helping prevent the political subdivision from becoming distressed.
- DUAB must use the DLGF's fiscal health indicators to determine whether assistance is needed.
- DUAB may do any of the following:
 - Provide information and technical assistance with respect to data management, accounting, or other aspects of fiscal management.
 - Assist the political subdivision in obtaining assistance from state agencies and other resources.



Central Indiana Mass Transit (SEA 176)

IC 8-25

- Allows certain counties to have public referenda on whether to participate in a Central Indiana public transportation project.
- Only Delaware County, Hamilton County, Hancock County, Johnson County, Madison County, and Marion County are eligible.
- Fiscal body ordinance required to place a question on the ballot on granting the fiscal body the authority to fund and carry out the mass transit project.
 - Must describe the public transit services that will be provided.
 - Must give an estimate of each tax necessary to annually fund the mass transit project.
- Ballot language to be used specific to each county:
 - Hamilton County & Marion County → CEDIT
 - Delaware County & Madison County → COIT
 - Hancock County & Johnson County → CAGIT



Central Indiana Mass Transit (SEA 176)

IC 8-25

- DLGF certifies ballot language from each county, sends its determination to the fiscal body within 10 days of receipt.
- If approved, county auditor submits ballot language to the county election board to be placed on the next general election's ballot.
- If the measure is approved, the county fiscal body shall impose an additional LOIT applicable to the county for purposes of funding a mass transit project.
 - Private/public partnership contracts.
 - Bonds.
- Once a public transit project has been approved by the voters, the fiscal body cannot adopt a subsequent ordinance authorizing another referendum.
- If the measure fails, fiscal body can try again, but no more than 2 ordinances can be passed in a 7 year period.



Central Indiana Mass Transit (SEA 176)

IC 8-25-7: Township Opt-ins

- Available to townships
 - in an eligible county that voted *against* participating in a mass transit system; and
 - is *adjacent* to an eligible county that is participating in a mass transit system.
- Opt-in by public referenda.
 - Ballot language prescribed by law; DLGF reviews.
 - One-shot deal: measure fails, too bad.
 - Measure succeeds, township imposes LOIT applicable to the eligible county in which it resides.



Central Indiana Mass Transit (SEA 176)

IC 8-25

- A public transportation system set up in an eligible county must have a fare schedule that covers $\geq 25\%$ of the system's operating expenses.
- Each eligible county must submit an annual report to the DLGF within 60 days after the close of its fiscal year.
- Annual report to be posted on Gateway.



2014 Session recap

- Local unit reporting of retiree benefits & expenditures on Gateway
- New exemptions; changes to exemption termination
- New deductions; deduction procedures refined
- Utility filing refined
- Clarification to 2% tax cap application
- Soil productivity factors held over one more year
- Appeal burdens of proof revisited; statute of limitations, et al.
- Standards for assessor-appraisers & tax reps
- Assessment date to move to January 1 starting in 2016
- Budget ads on Gateway, phasing out newspaper ads after 2015; penalties
- Township emergency fire loan & fire territories revisited
- Debt restructuring & school protected tax waivers certified by DLGF
- School operating referendum language and timing
- RDCs/TIFs overhauled, reevaluated in summer
- Fiscal health indicators on Gateway
- County option mass transit, incl. annual fare reports on Gateway



It's over!!!

Mike Duffy, General Counsel

- 317-233-9219
- mduffy@dlgf.in.gov (preferred)