
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Fire Protection Territories
FROM: Courtney L. Schaafsma, Commissioner
RE: 2016 Legislative Changes Affecting Fire Protection Territories
DATE: March 30, 2016

On March 24, 2016, Governor Pence signed into law House Enrolled Act 1273 (“HEA 1273-2016”), which makes various changes concerning fire protection territories (“territory”). These changes are effective July 1, 2016. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

I. Incurrence of Debt

HEA 1273 amends IC 36-8-19-8.5, which governs the incurrence of debt by territories. Specifically, if a territory desires to incur debt, the provider unit must negotiate for and hold the debt on behalf of the territory. However, the participating units and the provider unit of the territory are jointly liable for any debt incurred by the provider unit. The most recent adjusted value of taxable property for the entire territory must be used to determine the debt limit under IC 36-1-15-6. A provider unit must comply with all general statutes and rules relating to the incurrence of the debt. The Department emphasizes that the debt is to be repaid using the equipment replacement fund, which has a statutory maximum rate of \$0.0333.

A participating unit of a territory may, to the extent allowed by law, incur debt in the participating unit’s own name to acquire fire protection equipment or other property that is to be owned by the participating unit. The participating unit may then enter into an interlocal agreement under IC 36-1-7 with the provider unit to furnish the fire protection equipment or other property to the provider unit for the provider unit’s use or benefit in accomplishing the purposes of the territory. A participating unit must comply with all general statutes and rules relating to the incurrence of the debt.

II. Restoration of Levies Following Withdrawal from or Dissolution of a Territory

HEA 1273 amends IC 36-8-19-13 so that for purposes of determining a unit’s maximum levy for the year following the year in which the unit withdraws from the territory or the territory dissolves, the unit receives a percentage of the territory’s maximum levy equal to the percentage of the assessed valuation that the unit contributed to the territory in the year in which the withdrawal or dissolution takes effect.

In the case of a unit withdrawing from a territory, the Department must adjust the territory's maximum levy to account for the unit's withdrawal. After the effective date of the unit's withdrawal, the unit may no longer impose a tax rate for an equipment replacement fund. However, the unit remains liable for the unit's share of any debt incurred by the territory.

III. Equipment Replacement Fund

HEA 1273 amends IC 6-1.1-41-6 to make clear that at least 10 taxpayers within the jurisdiction of a territory are needed in order to object to the territory's establishment or re-establishment of an equipment replacement fund under IC 36-8-19-8.5.

Contact Information

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