TO: All Political Subdivisions

FROM: Courtney L. Schaafsma, Commissioner

RE: Legislation Affecting Certain Budgeting Matters

DATE: March 30, 2016

This memorandum addresses 2016 legislative changes affecting certain local government budgeting matters. THIS MEMORANDUM DOES NOT ADDRESS BUDGET STREAMLINING CHANGES THROUGH SENATE ENROLLED ACT 321-2016, WHICH IS ADDRESSED IN A SEPARATE MEMORANDUM. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

I. Deadline for Establishing Unit to Ensure Levy for Ensuing Year

On March 24, 2016, Governor Pence signed into law House Enrolled Act 1273-2016 (“HEA 1273”), which amends IC 6-1.1-18.5-7 so that a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of January 1 (rather than March 1) of the preceding year. This change is effective July 1, 2016. In other words, for a new unit to receive a tax levy for 2018, it must exist on or before January 1, 2017. Please note that because of the effective date of the amendment to this statute, technically for a unit to receive a tax levy for 2017, it must have existed on or before March 1, 2016 (even though the assessment date for 2016 was January 1).

II. Excess Levy Appeals

HEA 1273 amends IC 6-1.1-18.5-13, effective July 1, 2016, so that a taxing unit can no longer seek what is commonly referred to as an “extension of services excess levy appeal” on the basis that it has extended governmental services to “additional persons.” The appeal is still potentially available to taxing units that extend services to “additional geographic areas,” as well as in annexation and consolidation situations.

HEA 1273 also repeals a number of obsolete excess levy appeal provisions.

Contact Information

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