

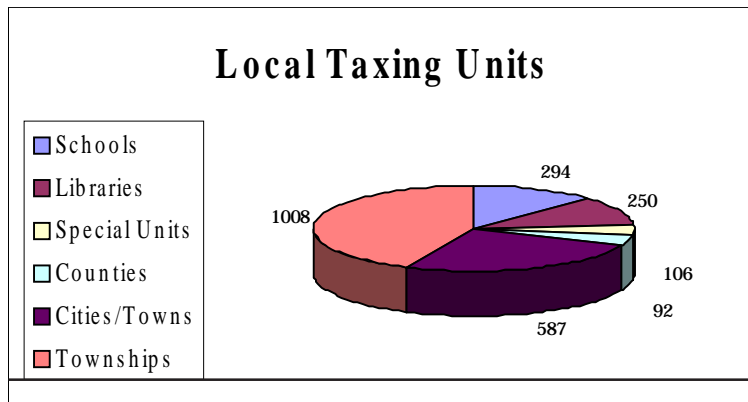
# Local Tax Administration & Budgeting

## Mission

To oversee and administer Indiana's property tax control laws, including provisions that regulate local government spending and monitor local decision making.

## Summary of Activities

The **State Board of Tax Commissioners** is responsible for the review of budgets, excessive levies, and bond issues secured by local property taxes. The primary responsibility for monitoring local government spending is given to the Budget Division of the Tax Board. This division works with the Local Government Tax Control Board to monitor borrowing and budgetary matters, the School Property Tax Control Board for issues related to school borrowing matters, and the three commissioners that oversee the Tax Board for final approval. Their annual certification of tax rates, tax levies, and appropriations provides the formal approval necessary for county treasurers to collect property taxes. In a typical year, the Budget Division reviews approximately 2,300 budgets, 200 bond issues, 200 appeals for levy limitations, and 1,900 requests for additional appropriations affecting 4,000 different levy funds.



The Budget Division contains five staff people in the Indianapolis office and 20 staff people located in field offices across the state. All of these employees are available to meet with locally elected officials and others to discuss questions pertaining to the budget process, review specific issues that arise, and answer general questions about the Tax Board.

The Budget Division offers new official training in the spring and holds individualized sessions with each taxing unit during the summer. Additionally, staff members regularly speak to various associations on the local government budget process.

## External Factors

The most significant external factors affecting local tax administration and budgeting are the continuing conflict between the desire for home rule and the legislative requirements for state oversight, new legislation, and changing technology.

Tax Board review of local finances usually results in approval of local decisions, but in some cases, the Tax Board acts as an enforcer of taxpayer protections contained in statutes. Maintaining a balance between monitoring and enforcement is a challenge.

Legislative changes to the budget process and/or rules occur annually. These changes drive the need for continuing training, both for Tax Board and local officials, to ensure compliance with statutory requirements.

Finally, changing technology requires upgrades of budget programs and tools used to support the process. Adapting to change is an effort, but the end result is that more time can be spent analyzing local finance data rather than just collecting and compiling the data.

## Evaluation and Accomplishments

The Budget Division worked toward improving and increasing training opportunities for local officials. Budget manuals were developed for counties, cities and towns, libraries, and townships, and the number of budget workshops was increased. The division currently holds standardized workshops in the spring for each type of unit in the county (i.e., a session for all cities and towns, a session for all townships, a session for all libraries, etc.). During the summer, division staff meet with each taxing unit individually to address unit specific issues and questions. Feedback from local officials on these sessions has been positive. Also, the number of additional appropriation requests at the start of the budget year is decreasing. The decrease is an indication of improving budget quality since additional appropriations are most often requested to correct budgeting errors.

In addition to regular operations, the Budget Division played an important role in the upgrade of the Local Government Database (LOGODABA), a multi-year project completed in 1999. The system supports the Budget Division during the annual local budget certification process and serves as a data warehouse for historical local government finance data. The Tax Board staff provided business process expertise to ensure that statutory requirements were met and calculations were performed correctly. The upgrade accomplished several goals including Y2K compliance, better support of the budget certification process, and increased accessibility to local data and improved data quality. The new system went into production in September 1999, for use during the 2000 budget year.

## Plans for the Biennium

The State Tax Board has two objectives for the next biennium in the area of local tax administration:

- 1) Continue to improve training opportunities for local officials. By concentrating on training, the Tax Board hopes to decrease the number of errors and omissions that sometimes occur in the budgeting process and to help local officials do their jobs more effectively.
- 2) Continue to improve the use of technology. The Tax Board is developing a field budget program that will be available to local officials for use during the budget process. The program will ensure that calculations are made correctly and expedite data collection, transfer, and review.

