

**STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
Room 1058, IGCN – 100 North Senate
Indianapolis, IN 46204**

**IN THE MATTER OF THE REQUEST)
OF TOWN OF CLARKSVILLE,)
CLARK COUNTY, FOR AN) **A23-021**
EXCESS LEVY DUE TO)
THREE-YEAR GROWTH)**

The Department of Local Government Finance (“Department”) has reviewed an appeal by Town of Clarksville (“Town”) for an excess levy in the amount of \$730,373 to its civil maximum levy due to three-year growth. Indiana Code 6-1.1-18.5-13 allows the Department to grant permission to a civil taxing unit to increase its maximum levy if the Department finds that the quotient determined under Step Six of the following formula is equal to or greater than one and two-hundredths (1.02):

Step 1: Determine the three calendar years that most immediately precede the ensuing calendar year:
2023, 2022, and 2021

Step 2: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.:

Town assessed values for 2020, 2021, 2022, and 2023, respectively:

*2020: 800,690,222
2021: 846,385,977
2022: 968,972,289
2023: 1,088,667,253*

Step 2 quotients:

*2021/2020: 1.0571
2022/2021: 1.1448
2023/2022: 1.1235*

Step 3: Sum the results of Step 2 and divide by three:

1.1085 [(1.0571+1.1448+1.1235)/3]

Step 4: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.

Statewide average quotients for 2021, 2022, and 2023, respectively:

1.0392; 1.0541; 1.1481

Step 5: Add the Step 4 results and divide by three:
1.0804 (*[1.0392; 1.0541; 1.1481]/3*)

Step 6: Divide the Step 3 results by the Step 5 results:
1.0259 (*1.1085/1.0804*)

The maximum amount that the Department may award is the amount by which Step 3 exceeds the maximum levy growth quotient (“MLGQ”) as calculated according to IC 6-1.1-18.5-2 (this amount is 1.04 or 4% for 2024; since 1.0259 is greater than 1.020, the Town is eligible for a three-year growth appeal):

0.0685 (*6.85%*) (*1.1085-1.0400*)

The Town’s 2023 maximum civil levy is \$10,662,372. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 6.85% growth factor calculated above results in a figure of \$730,315, which is the maximum for which the Town could qualify under the statutory formula. Under IC 6-1.1-18.5-12(a), the Town must also show that it is unable to perform its government functions without this increase.

The Town states in its appeal that substantial growth and inflationary costs for services and supplies have caused cash balances in its operating funds to reach low levels. Specifically, the Town states its Parks and Recreation Fund has been spent down year over year to where the cash balance at the end of 2023 is expected to be around zero, requiring shifting revenues from other funds. The General Fund cash balance is then expected to finish around 24% of the fund’s budget. The Town states that this excess levy would be needed to maintain operating expenses at the same levels as they have in the past, especially with payroll expenses.

The Town stated on its Budget Form 3 that it seeks an excess levy appeal of \$730,373 for its General Fund. Finally, the Town received a permanent excess levy of \$253,772 for pay-2023.

The Department has not accepted inflationary costs as a justification for an excess levy. More importantly, inflation affects everyone, including the taxpayers who would also then have to bear the burden of an excess levy. The taxpayers have to deal with the rising costs as much as the Town, but while the Town can claim it needs an excess levy to make up for rising costs, the taxpayers may not have similar recourses for relief. This is especially important considering the Indiana General Assembly enacted legislation in 2023 to limit the MLGQ for pay-2024 as a way of controlling the taxpayers’ burden due to rising property values but also inflation. Therefore, the Department will not consider inflation as justification for the excess levy.

The Town’s submitted Form 1 both for 2023 and 2024 budget years. The Form 1s show at least a \$720,687 reduction in budgets related to personal services for the parks and police department. For parks, a decrease from \$1.99 million in 2023 to \$1.8 million in 2024; for police, a decrease from around \$6.4 million to \$5.85 million. While the Town may have other purported cost increases, increases for salaries for these departments would be sufficient justification for this appeal.

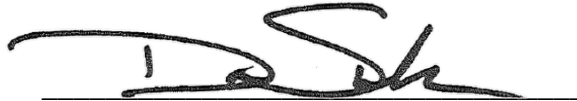
After a review of the petition, the Department, following IC 6-1.1-18.5-12 and 13, and in consideration of all evidence provided, finds as follows:

APPROVED WITH MODIFICATION:

The Town's excess levy appeal is approved in the amount of **\$730,135**. This figure reflects the amount for which the Town qualifies under the statutory three-year growth formula and does not exceed the amount for which the Town advertised and petitioned the Department. This is a one-time, permanent increase.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

WITNESS MY HAND AND SEAL of this Department on this 3 day of
November, 2023.

A handwritten signature in black ink, appearing to read 'D. Shackle', is written over a horizontal line.

Daniel Shackle, Commissioner