

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

**IN THE MATTER OF THE REQUEST                    )**  
**OF CITY OF WESTFIELD, HAMILTON            )**       **A23-032**  
**COUNTY, FOR AN EXCESS LEVY                )**  
**DUE TO ANNEXATION                            )**

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The Department of Local Government Finance (“Department”) has reviewed the City of Westfield’s (“City”) appeal for an excess levy in the amount of \$750,000 due to an annexation.

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

**APPROVED WITH MODIFICATION:**

The City’s request indicates that it had performed seven annexations first effective for pay-2022. These annexations were in areas of Washington Township that were contiguous to the City’s municipal boundaries. The City states in its appeal that it intends to develop the annexed parcels into residential areas, including single family homes, duplexes, and townships, with purported sales prices ranging from \$220,000 to \$600,000 per unit depending on location and property type. The annexed parcels are being placed into a planned unit development district, as determined by the Westfield-Washington Township Advisory Plan Commission. The City seeks an excess levy appeal, specifically, to make up for costs associated with extended police, fire, street maintenance, and park services.

The City provided the Department with copies of the annexation ordinances, as well as resolutions incorporated by reference and including fiscal plans and impact analyses for each annexation. The ordinances and associated resolutions are as follows:

- Ordinance #20-06 & Resolution #20-104
- Ordinance #20-07 & Resolution #20-105
- Ordinance #20-10 & Resolution #20-107
- Ordinance #20-11 & Resolution #20-108
- Ordinance #20-15 & Resolution #20-121
- Ordinance #20-16 & Resolution #20-122
- Ordinance #20-20 & Resolution #20-124

The combined CNAV of the annexed parcels, as reported by the Hamilton County Auditor’s Pay-2022 Annexation Report, is \$1,113,800. All of the annexations were voluntary.

The Department applied an adjustment pursuant to IC 6-1.1-18.5-3(a) for 2021-pay-2022 and 2022-pay-2023 with respect to the annexations, which added \$70,238 to the City’s maximum levy. The City has not previously applied for an excess levy appeal on account of this annexation.

In support of its appeal, the City provided the following non-capital costs for the seven annexations, as documented in their respecting annexation fiscal plans, for the first five (5) years following the effective date (2021 through 2025). Each of the annexations will be in reference to their respective ordinances:

Non-Capital Costs

<u>Ordinance #</u>	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	<u>5th Year</u>	<u>Total</u>
20-06	\$8,855	\$76,921	\$135,673	\$166,553	\$202,727	\$590,729
20-07	\$56,223	\$144,689	\$236,643	\$281,378	\$335,151	\$1,054,084
20-10	\$76,885	\$157,665	\$195,614	\$242,758	\$359,688	\$1,032,610
20-11	\$19,075	\$40,387	\$62,158	\$83,876	\$107,203	\$312,699
20-15	\$41,478	\$105,856	\$170,653	\$220,751	\$273,936	\$812,674
20-16	\$34,600	\$81,032	\$122,206	\$158,340	\$196,431	\$592,609
20-20	\$72,789	\$188,453	\$305,386	\$393,342	\$486,962	\$1,446,932
<b>Subtotal</b>	<b>\$309,905</b>	<b>\$795,003</b>	<b>\$1,220,692</b>	<b>\$1,558,040</b>	<b>\$1,962,098</b>	<b>\$5,842,337</b>

Hence, the City purports to have an increase of \$5,842,337 in non-capital costs. The City claims to have no estimates of capital costs as a result of the annexations.

An annexing unit can only receive an appeal under IC 6-1.1-18.5-13(a)(1) based on the costs from up to the first five years after the unit begins services in the annexed area. Therefore, the Department shall determine the average of the amounts for the first five years of services rendered (2021 through 2025). As shown above, the sum of these amounts is \$5,842,337. The average of this amount over the span of five years is approximately \$1,168,467 ( $\$5,842,337 / 5 = \$1,168,467$ ). In addition, the City received an adjustment under Step Three of IC 6-1.1-18.5-3(a) in the amount of \$70,238.

Therefore, the requested amount of \$750,000 is reduced to \$679,792. This accounts for the lesser of the average annual cost of \$1,168,467 and the amount requested by the City, minus the IC 6-1.1-18.5-3(a) amount of \$70,238. This amount is further adjusted as follows.

First, the Department takes into account the fact that an increased maximum levy will generate additional excise tax revenue. In 2024, the City will receive an estimated \$2,981,295 in excise tax revenue (for funds subject to the City’s maximum levy), which represents approximately 18.1103% of the City’s 2024 certified maximum levy. Thus, an excess levy of \$556,679, combined with the resulting additional excise tax revenue of \$123,113 ( $\$679,792 * 0.181103 = \$123,113$ ); ( $\$679,792 - \$123,113 = \$556,679$ ), will provide the City with the additional revenue it is seeking for 2024.

Second, the Department takes into account the fact that an increased maximum levy will generate additional local income tax (“LIT”) revenue for 2025. This includes the increase in attributable allocation and an increase to the City’s distribution under IC 6-3.6-6-3(a)(2). Increasing the City’s maximum levy by \$556,679 for 2024 will increase the City’s 2025 LIT attributed allocation to \$48,507,286 (\$47,950,607 plus \$556,679) and the countywide LIT attributed allocation to \$493,758,557 (\$493,201,878 plus \$556,679). The City’s \$48,501,983 attributed allocation will constitute approximately 9.8241% of the 2025 countywide attributed allocation of \$493,758,557.

Since a unit’s certified shares of LIT are affected by changes in the unit’s property tax levy, a 1.1609% increase to the City’s 2025 attributed allocation means the City is estimated to receive approximately \$249,108 in additional LIT certified shares. Thus, adjusting the excess levy to \$307,572 (\$556,679- \$249,108) for 2025 will then provide the City with the levy it is seeking after taking into account additional revenues.

Therefore, the Department approves the excess levy as follows for the stated tax years. First, for **2023-pay-2024**, the excess levy is approved for **\$556,679**. For **2024-pay-2025**, the excess levy is reduced to **\$307,572**. This is a permanent increase and does not include an increase by the maximum levy growth quotient.

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**WITNESS MY HAND AND SEAL** of this Department on this 9 day of  
November, 2023.

  
**Daniel Shackle, Commissioner**