

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 WHITELAND,)
JOHNSON COUNTY, FOR AN) **A23-088**
EXCESS LEVY DUE TO)
THREE-YEAR GROWTH)

The Department of Local Government Finance (“Department”) has reviewed an appeal by Town of Whiteland (“Town”) for an excess levy in the amount of \$108,972 to its civil maximum levy due to three-year growth. Ind. 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:

<i>2020:</i>	<i>156,066,943</i>
<i>2021:</i>	<i>170,806,375</i>
<i>2022:</i>	<i>201,483,515</i>
<i>2023:</i>	<i>261,901,731</i>

Step 2 quotients:

<i>2021/2020:</i>	<i>1.0944</i>
<i>2022/2021:</i>	<i>1.1796</i>
<i>2023/2022:</i>	<i>1.2999</i>

Step 3: Sum the results of Step 2 and divide by three:
1.1913 [(1.0944+1.1796+1.2999)/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:
1.1026 (*1.1913/1.0804*)

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 Ind. Code § 6-1.1-18.5-2 (this amount is 1.04 or 4% for 2024; since 1.1026 is greater than 1.020, the Town is eligible for a three-year growth appeal):

0.1513 (*15.13%*) (*1.1913-1.0400*)

The Town’s 2023 maximum civil levy is \$729,870. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 15.13% growth factor calculated above results in a figure of \$110,432, which is the maximum for which the Town could qualify under the statutory formula. Under Ind. Code § 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 the Town “is experiencing substantial growth, and with this growth the operating needs are ever changing.” The Town then states that the excess levy is needed to “help the Town achieve a higher and more efficient way of operating.” The Town also states that it has a “very low Rainy Day Fund balance”, which according to the petition had an end of 2022 balance of \$589. Finally, the Town states that there “aren’t other forms of revenue or cash the Town would be able to use.”

The Town has also indicated on its Form 3 that it seeks an excess levy of \$125,000 for the General Fund. The Town received a permanent excess levy for pay-2023 in the amount of \$40,387.

The Department made an inquiry asking for specific expenses the Town needs an excess levy for. The Town responded as follows:

- Two deputy marshals were added in 2023, which also increased supplies, other services and charges, and capital, since patrol vehicles were needed. The excess levy the Town received last year “did not cover these additional employees or the existing operating deficit from the substantial growth over the past few years,” citing “a projected cash spenddown in the General Fund of just over \$180,000 in 2023.”
- Inflationary adjustments to existing salaries and wages, supplies, other services, and capital, combined with prior levy adjustments not covering new deputy marshal needs from 2023, “are resulting in additional cash spenddown in 2024 if the 3-year growth appeal is not approved for 2024.” The Town stated that “other inflationary costs” such as insurance, electricity, phone bills, and fuel are “out of the Town’s control.” The Town also stated that the Town lost vehicles due to the tornado, however the insurance

company did not do replacement cost, therefore “when the Town replaced the ones damaged, there was a significant price increase.”¹

- The Town’s assessed value continues to grow “with commercial buildings and multiple subdivisions numbering in the hundred of homes planned for construction within the next few years.”
- The Town “was unable to use its [American Rescue Plan Act] money to help mitigate a cash spenddown [in its General Fund] due to this money being needed for its Fire Fund, which resulted in a cash spenddown of \$481,099 in 2022.” The General Fund cash reserves by the end of 2023 is estimated to be \$200,000, which is “dangerously low” and will continue to fall without the excess levy.
- “A reduction in [the Town’s] financial position will reduce the Town’s ability to adapt to changing service level needs,” resulting in a weaker bond rating, which “will in-turn decrease the Town’s ability to fund capital projects and improvements.”
- The Town plans to continue to use excess levy appeals “to help close the gap between revenue and expenditures for the Town.”

The Town also stated that “another high priority is capital expenses,” stating that with an excess levy the Town could purchase capital assets that “are being delayed because of the lack of funding.”

The Department doubts that rising costs due to inflation is an appropriate reason to grant an excess levy. Inflation is an ongoing economic phenomenon, and the recent high rate of inflation will likely return to more manageable levels in the near future. More importantly, and as the Town has noted, 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.

In addition, the Department is hesitant to approve an excess levy for three-year growth, which is permanent by virtue of Ind. Code § 6-1.1-18.5-3(a), to be used for capital expenses, which are likely one-time or periodic. This is especially the case where units have available to them other funding mechanisms, including cumulative funds, to generate needed revenue to capital expenses. However, the Department does find as justification the need to reduce the continued spenddown of the Town’s cash reserves.

¹ In a follow-up inquiry, the Department asked if the Town applied for any disaster relief grants from FEMA. The Town replied that it did and that the request is still under review. Because the request is still pending, and there are other grounds by which the Department can approve the excess levy for the Town, the Department will not consider the matter of the Town’s losses due to the tornado.


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

APPROVED:

The Town's excess levy appeal is approved in the amount of **\$108,972**. This figure reflects the amount for which the Town qualifies under the statutory three-year growth formula and does not exceed the amount 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 1 day of
December, 2023.

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

Daniel Shackle, Commissioner