

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

**IN THE MATTER OF THE REQUEST                    )**  
**OF MORGAN COUNTY FOR AN                    )**           **A23-016**  
**EXCESS LEVY DUE TO                         )**  
**THREE-YEAR GROWTH                         )**

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The Department of Local Government Finance (“Department”) has reviewed an appeal by Morgan County (“County”) for an excess levy in the amount of \$1,132,194 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.:

*County assessed values for 2020, 2021, 2022, and 2023, respectively:*

<i>2020:</i>	<i>3,351,004,646</i>
<i>2021:</i>	<i>3,558,610,519</i>
<i>2022:</i>	<i>3,786,696,473</i>
<i>2023:</i>	<i>4,798,338,794</i>

*Step 2 quotients:*

<i>2021/2020:</i>	<i>1.0620</i>
<i>2022/2021:</i>	<i>1.0641</i>
<i>2023/2022:</i>	<i>1.2672</i>

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

*1.1311 [(1.0620+1.0641+1.2672)/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:  
*1.0469* (*1.1311/1.0804*)

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 1.0469 is greater than 1.020, the County is eligible for a three-year growth appeal):

*0.0911* (*9.11%*) (*1.1311-1.0400*)

The County’s 2023 maximum civil levy is \$11,901,911. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 9.11% growth factor calculated above results in a figure of \$1,083,885, which is the maximum for which the County could qualify under the statutory formula. Under IC 6-1.1-18.5-12(a), the County must also show that it is unable to perform its government functions without this increase.

The County states in its appeal that it seeks an excess levy to because it is experiencing “substantial growth, and with this growth the operating and capital needs are ever changing.” The County also claims “increasing inflationary costs have caused cash balances to decline and budgets to increase significantly in 2023 and 2024” with anticipated spenddowns in property tax supported funds even with the excess levy. The County cites as examples its general fund cash reserve being spent down about \$1 million in 2024 and its rainy day fund balance being 25% less than what it was in 2020 due to transfers being made that year and in 2022.

The County then states that the excess levy is needed to increase wages for sheriff deputies following the Indiana State Police (“ISP”) increasing wages. After a follow-up inquiry from the Department, the County stated that the new ISP pay matrix “puts pressure on counties to retain existing officers and hire new talent,” leading the County to adopt an updated pay matrix for its sheriff’s office. The County represents the per deputy salary at being \$62,000, compared to ISP’s per officer of salary at \$70,000. The County states the total budget will be \$1,090,000; \$750,000 for salaries and \$340,000 for benefits. The County admits that this will not necessarily be competitive with ISP officers, but it may help with retention.

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, 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 County, however, pointed to concrete needs, specifically increase of salaries for sheriff's deputies, to justify an excess levy.

The County stated on its Budget Form 3 that it seeks an excess levy appeal of \$1,200,000 for its General Fund. The County has not previously submitted an excess levy 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 County's excess levy appeal is approved in the amount of **\$1,083,885**. This figure reflects the amount for which the County qualifies under the statutory three-year growth formula and does not exceed the amount for which the County 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 17 day of  
November, 2023.

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

**Daniel Shackle, Commissioner**