

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Township Trustees and Township Legislative Bodies
FROM: Micah G. Vincent, Commissioner *MGV*
RE: Township Borrowing for Fire and Emergency Services
DATE: June 20, 2013

On May 9, 2013, Governor Mike Pence signed into law House Enrolled Act 1116 ("HEA 1116"). Sections 5, 6, 7, and 14 amend statutes governing township fire maximum levies and township emergency fire loans and the repayment of those loans. These amendments are effective July 1, 2013. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

Section 5 amends IC 6-1.1-18.5-8 so that taxes imposed to repay money borrowed under IC 36-6-6-14 (the township emergency fire loan statute) fall within the township's fire maximum levy.

Section 7 amends IC 6-1.1-18.5-13 so that a township that borrowed money pursuant to IC 36-6-6-14 in 2012 or 2013 may obtain an increase in its fire maximum levy if it petitions the Department of Local Government Finance ("Department") on a form prescribed by the Department and submits proof of the amount borrowed in 2012 or 2013, but not both, under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. The maximum increase allowable is the amount borrowed in the year for which proof is submitted. The increase applies to taxes payable in 2014 and afterward. The prescribed form will be included with the excess levy appeal templates the Department will issue shortly.

Section 6 adds IC 6-1.1-18.5-8.1 regarding townships allowed an increase in their fire maximum levies under IC 6-1.1-18.5-13, as amended, for property taxes first due and payable in 2014. These townships' fire maximum levies may be exceeded in calendar years 2014, 2015, and 2016 by the amount of property taxes imposed by the townships to repay money borrowed to pay off an emergency fire loan incurred in 2012 or 2013, but not both.

Section 14 amends IC 36-6-6-14 so that a township board may not authorize the township trustee to borrow money through an emergency fire loan in more than three calendar years during any five-year period. However, for townships allowed an increase in their fire maximum levies under IC 6-1.1-18.5-13, as amended, the 2012 or 2013 loan, as applicable, may be repaid over three years (2014, 2015, and 2016). Such townships may borrow in each of 2014, 2015, and 2016 the amount necessary to repay one-third of the principal and interest of that debt. After 2016, such townships may not borrow money under IC 36-6-6-14 in more than three calendar years during any five-year period.

Questions may be directed to Staff Attorney Mike Duffy at (317) 233-9219 or mduffy@dlgf.in.gov.