

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 232-8779

**TO:** County Auditors and County Treasurers  
**FROM:** Dan Jones, Assistant Director, Budget Division  
**RE:** Community Mental Health Max Levy Exception  
**DATE:** July 13, 2009

## Purpose

This memorandum provides guidance on an amendment to the Indiana Code regarding an exemption to property tax levy limits for county funding of community mental retardation centers, other developmental disability centers, and community mental health centers.

## Application

Effective retroactive to January 1, 2009, Section 128 of House Enrolled Act (HEA) 1001(ss)-2009 amended Indiana Code section 6-1.1-18.5-10. The amendment provides for exemptions from property tax levy limits for a county general fund to provide financial assistance for community mental retardation centers, other developmental disability centers, and community mental health centers.

The amendment applies to a county that did not impose a property tax to fund these centers in 2008 but determines for 2009 or a later year to impose such a levy. For an applicable county, maximum property tax levy limits do not apply to the part of the county's general fund levy that is used in the first calendar year for which a determination is made to provide financial assistance under IC 12-29-1 ("Community Centers; General Provisions") or under IC 12-29-2 ("Community Mental Health Centers"). In other words, if a county did not fund an applicable center in 2008 and determines in 2008 to do so for 2009 or later, the max levy limit does not apply to such funding for 2009 or later.

The Department of Local Government Finance ("Department") must review a county's proposed budget submitted under IC 12-29-1 or IC 12-29-2-1.2 ("County financial assistance for community mental health centers; purposes; appropriation") and make a final determination of the amount to which the levy limits do not apply for the first calendar for which the county makes a determination.

The maximum levy limits do not apply to the county's general fund levy amount determined by the Department in each calendar following the calendar year for which the county made the determination to provide financial assistance. In other words, the amount exempted from the max levy limit in the first year that the determination is made continues to be exempted in subsequent years.

## Contact Information

Questions may be directed to Dan Jones, Assistant Director of Budget, at 232-0651 or [djones@dlgf.in.gov](mailto:djones@dlgf.in.gov).

## Text of Section 128 of HEA 1000(ss)-2009

IC 6-1.1-18.5-10, AS AMENDED BY P.L.146-2008, SECTION 174, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 10. (a) ~~Subject to subsection (d),~~ The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit to be used to fund:

(1) community mental health centers under:

(A) IC 12-29-2-1.2, for only those civil taxing units that authorized financial assistance under IC 12-29-1 before 2002 for a community mental health center as long as the tax levy under this section does not exceed the levy authorized in 2002;

(B) IC 12-29-2-2 through IC 12-29-2-5; and

(C) IC 12-29-2-13; or

(2) community mental retardation and other developmental disabilities centers under IC 12-29-1-1; to the extent that those property taxes are attributable to any increase in the assessed value of the civil taxing unit's taxable property caused by a general reassessment of real property that took effect after February 28, 1979.

(b) ~~Subject to subsection (d),~~ For purposes of computing the ad valorem property tax levy limits imposed on a civil taxing unit by section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy described in subsection (a).

(c) This subsection applies to property taxes first due and payable after December 31, 2008. Notwithstanding subsections (a) and (b) or any other law, any property taxes imposed by a civil taxing unit that are exempted by this section from the ad valorem property tax levy limits imposed by section 3 of this chapter may not increase annually by a percentage greater than the result of:

(1) the assessed value growth quotient determined under section 2 of this chapter; minus

(2) one (1).

~~(d) The exemptions under subsections (a) and (b) from the ad valorem property tax levy limits do not apply to a civil taxing unit that did not fund a community mental health center or community mental retardation and other developmental disabilities center in 2008.~~

**(d) For a county that:**

**(1) did not impose an ad valorem property tax levy in 2008 for the county general fund to provide financial assistance under IC 12-29-1 (community mental retardation and other developmental disabilities center) or IC 12-29-2 (community mental health center); and**

**(2) determines for 2009 or a later calendar year to impose a levy as described in subdivision (1);**

**the ad valorem property tax levy limits imposed under section 3 of this chapter do not apply to the part of the county's general fund levy that is used in the first calendar year for which a determination is made under subdivision (2) to provide financial assistance under IC 12-29-1 or IC 12-29-2. The department of local government finance shall review a county's proposed budget that is submitted under IC 12-29-1-1 or IC 12-29-2-1.2 and make a final determination of the amount to which the levy limits do not apply under this subsection for the first calendar year for which a determination is made under subdivision (2).**

**(e) The ad valorem property tax levy limits imposed under section 3 of this chapter do not apply to the county's general fund levy in the amount determined by the department of local government finance under subsection (d) in each calendar year following the calendar year for which the determination under subsection (b) is made.**