

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Local Government, to which was referred Senate Bill No. 512, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Delete everything after the enacting clause and insert the following:
2 SECTION 1. IC 6-1.1-17-2, AS AMENDED BY P.L.1-2006,
3 SECTION 135, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) When formulating an annual
5 budget estimate, the proper officers of a political subdivision shall
6 prepare an estimate of the amount of revenue which the political
7 subdivision will receive from the state for and during the budget year
8 for which the budget is being formulated. These estimated revenues
9 shall be shown in the budget estimate and shall be taken into
10 consideration in calculating the tax levy which is to be made for the
11 ensuing calendar year. However, this section does not apply to funds
12 to be received from the state or the federal government for:
13 (1) township assistance;
14 (2) unemployment relief;
15 (3) old age pensions; or
16 (4) other funds which may at any time be made available under
17 "The Economic Security Act" or under any other federal act
18 which provides for civil and public works projects.
19 (b) When formulating an annual budget estimate, the proper officers

1 of a political subdivision shall prepare an estimate of the amount of
 2 revenue that the political subdivision will receive under a development
 3 agreement (as defined in IC 36-1-8-9.5) for and during the budget year
 4 for which the budget is being formulated. Revenue received under a
 5 development agreement may not be used to reduce the political
 6 subdivision's maximum levy under IC 6-1.1-18.5 but may be used at
 7 the discretion of the political subdivision to reduce the property tax
 8 levy of the political subdivision for a particular year.

9 **(c) This subsection does not apply in a county having a**
 10 **consolidated city. When formulating an annual budget estimate,**
 11 **the proper officers of a township must consider:**

- 12 **(1) the ending balance that will remain in each township fund**
 13 **relative to the budgeted expenditures from the fund; and**
 14 **(2) whether the part of the balance that exceeds ten percent**
 15 **(10%) of budgeted expenditures should be used instead of**
 16 **imposing additional property taxes for the ensuing year.**

17 SECTION 2. IC 6-1.1-17-3.5, AS ADDED BY P.L.146-2008,
 18 SECTION 148, IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE JULY 1, 2009]: Sec. 3.5. (a) This section does not apply
 20 to civil taxing units located in a county in which a county board of tax
 21 adjustment reviews budgets, tax rates, and tax levies. This section does
 22 not apply to **the following:**

- 23 **(1) A civil taxing unit that has its proposed budget and proposed**
 24 **property tax levy approved under IC 6-1.1-17-20 or IC 36-3-6-9.**
 25 **(2) A township that has the township's budget and property**
 26 **tax levy reviewed and approved by the county fiscal body**
 27 **under IC 6-1.1-17-20.2.**

28 (b) This section applies to a civil taxing unit other than a county. If
 29 a civil taxing unit will impose property taxes due and payable in the
 30 ensuing calendar year, the civil taxing unit shall file with the fiscal
 31 body of the county in which the civil taxing unit is located:

- 32 (1) a statement of the proposed or estimated tax rate and tax levy
 33 for the civil taxing unit for the ensuing budget year; and
 34 (2) a copy of the civil taxing unit's proposed budget for the
 35 ensuing budget year.

36 (c) In the case of a civil taxing unit located in more than one (1)
 37 county, the civil taxing unit shall file the information under subsection
 38 (b) with the fiscal body of the county in which the greatest part of the

1 civil taxing unit's net assessed valuation is located.

2 (d) A civil taxing unit must file the information under subsection (b)
3 at least fifteen (15) days before the civil taxing unit fixes its tax rate
4 and tax levy and adopts its budget under this chapter.

5 (e) A county fiscal body shall:

6 (1) review any proposed or estimated tax rate or tax levy or
7 proposed budget filed by a civil taxing unit with the county fiscal
8 body under this section; and

9 (2) issue a nonbinding recommendation to a civil taxing unit
10 regarding the civil taxing unit's proposed or estimated tax rate or
11 tax levy or proposed budget.

12 (f) The recommendation under subsection (e) must include a
13 comparison of any increase in the civil taxing unit's budget or tax levy
14 to:

15 (1) the average increase in Indiana nonfarm personal income for
16 the preceding six (6) calendar years and the average increase in
17 nonfarm personal income for the county for the preceding six (6)
18 calendar years; and

19 (2) increases in the budgets and tax levies of other civil taxing
20 units in the county.

21 (g) The department of local government finance must provide each
22 county fiscal body with the most recent available information
23 concerning increases in Indiana nonfarm personal income and
24 increases in county nonfarm personal income.

25 SECTION 3. IC 6-1.1-17-16, AS AMENDED BY P.L.146-2008,
26 SECTION 160, IS AMENDED TO READ AS FOLLOWS
27 [EFFECTIVE JULY 1, 2009]: Sec. 16. (a) Subject to the limitations
28 and requirements prescribed in this section, the department of local
29 government finance may revise, reduce, or increase a political
30 subdivision's budget by fund, tax rate, or tax levy which the department
31 reviews under section 8 or 10 of this chapter. **When reviewing a
32 budget, tax rate, and tax levy of a township, the department of
33 local government finance shall consider the ending balance that
34 will remain in each fund relative to the budgeted expenditures
35 from the fund and whether the part of the balance that exceeds ten
36 percent (10%) of budgeted expenditures should be used instead of
37 imposing additional property taxes for the ensuing year.**

38 (b) Subject to the limitations and requirements prescribed in this

1 section, the department of local government finance may review,
2 revise, reduce, or increase the budget by fund, tax rate, or tax levy of
3 any of the political subdivisions whose tax rates compose the aggregate
4 tax rate within a political subdivision whose budget, tax rate, or tax
5 levy is the subject of an appeal initiated under this chapter.

6 (c) Except as provided in subsections (j) and (k), before the
7 department of local government finance reviews, revises, reduces, or
8 increases a political subdivision's budget by fund, tax rate, or tax levy
9 under this section, the department must hold a public hearing on the
10 budget, tax rate, and tax levy. The department of local government
11 finance shall hold the hearing in the county in which the political
12 subdivision is located. The department of local government finance
13 may consider the budgets by fund, tax rates, and tax levies of several
14 political subdivisions at the same public hearing. At least five (5) days
15 before the date fixed for a public hearing, the department of local
16 government finance shall give notice of the time and place of the
17 hearing and of the budgets by fund, levies, and tax rates to be
18 considered at the hearing. The department of local government finance
19 shall publish the notice in two (2) newspapers of general circulation
20 published in the county. However, if only one (1) newspaper of general
21 circulation is published in the county, the department of local
22 government finance shall publish the notice in that newspaper.

23 (d) Except as provided in subsection (i), IC 20-46, or IC 6-1.1-18.5,
24 the department of local government finance may not increase a political
25 subdivision's budget by fund, tax rate, or tax levy to an amount which
26 exceeds the amount originally fixed by the political subdivision.
27 However, if the department of local government finance determines
28 that IC 5-3-1-2.3(b) applies to the tax rate, tax levy, or budget of the
29 political subdivision, the maximum amount by which the department
30 may increase the tax rate, tax levy, or budget is the amount originally
31 fixed by the political subdivision, and not the amount that was
32 incorrectly published or omitted in the notice described in
33 IC 5-3-1-2.3(b). The department of local government finance shall give
34 the political subdivision written notification specifying any revision,
35 reduction, or increase the department proposes in a political
36 subdivision's tax levy or tax rate. The political subdivision has two (2)
37 weeks from the date the political subdivision receives the notice to
38 provide a written response to the department of local government

1 finance's Indianapolis office. The response may include budget
 2 reductions, reallocation of levies, a revision in the amount of
 3 miscellaneous revenues, and further review of any other item about
 4 which, in the view of the political subdivision, the department is in
 5 error. The department of local government finance shall consider the
 6 adjustments as specified in the political subdivision's response if the
 7 response is provided as required by this subsection and shall deliver a
 8 final decision to the political subdivision.

9 (e) The department of local government finance may not approve a
 10 levy for lease payments by a city, town, county, library, or school
 11 corporation if the lease payments are payable to a building corporation
 12 for use by the building corporation for debt service on bonds and if:

- 13 (1) no bonds of the building corporation are outstanding; or
- 14 (2) the building corporation has enough legally available funds on
 15 hand to redeem all outstanding bonds payable from the particular
 16 lease rental levy requested.

17 (f) The department of local government finance shall certify its
 18 action to:

- 19 (1) the county auditor;
- 20 (2) the political subdivision if the department acts pursuant to an
 21 appeal initiated by the political subdivision;
- 22 (3) the taxpayer that initiated an appeal under section 13 of this
 23 chapter, or, if the appeal was initiated by multiple taxpayers, the
 24 first ten (10) taxpayers whose names appear on the statement filed
 25 to initiate the appeal; and
- 26 (4) a taxpayer that owns property that represents at least ten
 27 percent (10%) of the taxable assessed valuation in the political
 28 subdivision.

29 (g) The following may petition for judicial review of the final
 30 determination of the department of local government finance under
 31 subsection (f):

- 32 (1) If the department acts under an appeal initiated by a political
 33 subdivision, the political subdivision.
- 34 (2) If the department:
 - 35 (A) acts under an appeal initiated by one (1) or more taxpayers
 36 under section 13 of this chapter; or
 - 37 (B) fails to act on the appeal before the department certifies its
 38 action under subsection (f);

1 a taxpayer who signed the statement filed to initiate the appeal.

2 (3) If the department acts under an appeal initiated by the county
3 auditor under section 14 of this chapter, the county auditor.

4 (4) A taxpayer that owns property that represents at least ten
5 percent (10%) of the taxable assessed valuation in the political
6 subdivision.

7 The petition must be filed in the tax court not more than forty-five (45)
8 days after the department certifies its action under subsection (f).

9 (h) The department of local government finance is expressly
10 directed to complete the duties assigned to it under this section not later
11 than February 15th of each year for taxes to be collected during that
12 year.

13 (i) Subject to the provisions of all applicable statutes, the
14 department of local government finance may increase a political
15 subdivision's tax levy to an amount that exceeds the amount originally
16 fixed by the political subdivision if the increase is:

17 (1) requested in writing by the officers of the political
18 subdivision;

19 (2) either:

20 (A) based on information first obtained by the political
21 subdivision after the public hearing under section 3 of this
22 chapter; or

23 (B) results from an inadvertent mathematical error made in
24 determining the levy; and

25 (3) published by the political subdivision according to a notice
26 provided by the department.

27 (j) The department of local government finance shall annually
28 review the budget by fund of each school corporation not later than
29 April 1. The department of local government finance shall give the
30 school corporation written notification specifying any revision,
31 reduction, or increase the department proposes in the school
32 corporation's budget by fund. A public hearing is not required in
33 connection with this review of the budget.

34 (k) The department of local government finance may hold a hearing
35 under subsection (c) only if the notice required in section 12 of this
36 chapter is published at least ten (10) days before the date of the
37 hearing.

38 SECTION 4. IC 6-1.1-17-20.2 IS ADDED TO THE INDIANA

1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2009]: **Sec. 20.2. (a) This section does not**
 3 **apply in a county having a consolidated city.**

4 **(b) This section applies only to township budgets and property**
 5 **tax levies for 2010 and thereafter.**

6 **(c) After a township legislative body has adopted the township's**
 7 **budget under IC 36-6-6-11, the township legislative body must**
 8 **submit the township's budget and property tax levies to the county**
 9 **fiscal body of the county in which the township is located. The**
 10 **budget and property tax levies must be submitted to the county**
 11 **fiscal body according to a schedule adopted by the department of**
 12 **local government finance.**

13 **(d) The county fiscal body shall review the township's budget**
 14 **and property tax levies and adopt a final budget and final property**
 15 **tax levies for the township. The county fiscal body may reduce or**
 16 **modify but not increase the township's budget and property tax**
 17 **levies.**

18 **(e) When reviewing a township's budget and property tax levies,**
 19 **the county fiscal body shall consider the ending balance that will**
 20 **remain in each fund relative to the budgeted expenditures from the**
 21 **fund and whether the part of the balance that exceeds ten percent**
 22 **(10%) of budgeted expenditures should be used instead of imposing**
 23 **additional property taxes for the ensuing year.**

24 SECTION 5. IC 6-1.1-18-5 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) If the proper
 26 officers of a political subdivision desire to appropriate more money for
 27 a particular year than the amount prescribed in the budget for that year
 28 as finally determined under this article, they shall give notice of their
 29 proposed additional appropriation. The notice shall state the time and
 30 place at which a public hearing will be held on the proposal. The notice
 31 shall be given once in accordance with IC 5-3-1-2(b).

32 (b) If the additional appropriation by the political subdivision is
 33 made from a fund that receives:

34 (1) distributions from the motor vehicle highway account
 35 established under IC 8-14-1-1 or the local road and street account
 36 established under IC 8-14-2-4; or

37 (2) revenue from property taxes levied under IC 6-1.1;

38 the political subdivision must report the additional appropriation to the

1 department of local government finance. If the additional appropriation
2 is made from a fund described under this subsection, subsections (f),
3 (g), (h), and (i) apply to the political subdivision.

4 (c) However, if the additional appropriation is not made from a fund
5 described under subsection (b), subsections (f), (g), (h), and (i) do not
6 apply to the political subdivision. Subsections (f), (g), (h), and (i) do
7 not apply to an additional appropriation made from the cumulative
8 bridge fund if the appropriation meets the requirements under
9 IC 8-16-3-3(c).

10 (d) A political subdivision may make an additional appropriation
11 without approval of the department of local government finance if the
12 additional appropriation is made from a fund that is not described
13 under subsection (b). However, the fiscal officer of the political
14 subdivision shall report the additional appropriation to the department
15 of local government finance.

16 (e) After the public hearing, the proper officers of the political
17 subdivision shall file a certified copy of their final proposal and any
18 other relevant information to the department of local government
19 finance.

20 (f) When the department of local government finance receives a
21 certified copy of a proposal for an additional appropriation under
22 subsection (e), the department shall determine whether sufficient funds
23 are available or will be available for the proposal. The determination
24 shall be made in writing and sent to the political subdivision not more
25 than fifteen (15) days after the department of local government finance
26 receives the proposal.

27 (g) In making the determination under subsection (f), the
28 department of local government finance shall limit the amount of the
29 additional appropriation to revenues available, or to be made available,
30 which have not been previously appropriated.

31 (h) If the department of local government finance disapproves an
32 additional appropriation under subsection (f), the department shall
33 specify the reason for its disapproval on the determination sent to the
34 political subdivision.

35 (i) A political subdivision may request a reconsideration of a
36 determination of the department of local government finance under this
37 section by filing a written request for reconsideration. A request for
38 reconsideration must:

1 (1) be filed with the department of local government finance
 2 within fifteen (15) days of the receipt of the determination by the
 3 political subdivision; and

4 (2) state with reasonable specificity the reason for the request.

5 The department of local government finance must act on a request for
 6 reconsideration within fifteen (15) days of receiving the request.

7 **(j) This subsection does not apply in a county having a**
 8 **consolidated city. In addition to any other requirements under this**
 9 **section, an additional appropriation after December 31, 2009, by**
 10 **a township must be reviewed and approved by the county fiscal**
 11 **body under the procedures of IC 6-1.1-17-20.2.**

12 SECTION 6. IC 36-6-6-11 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. (a) The legislative
 14 body shall meet annually in accord with IC 6-1.1-17, to adopt the
 15 township's annual budget.

16 (b) The legislative body shall consider the estimates of expenditures
 17 made by the executive under IC 36-6-4-11, and may approve or reject
 18 all or part of any estimate or any item within an estimate. The
 19 legislative body may require the executive to further itemize an
 20 estimate not sufficiently itemized.

21 (c) The legislative body may not appropriate for any purpose an
 22 amount more than the executive's estimate of the amount required for
 23 that purpose.

24 (d) The legislative body shall include in the budget:

25 (1) provisions for the payment of existing debt of the township as
 26 it becomes due; and

27 (2) the salaries fixed under section 10 of this chapter.

28 (e) In making levies for the township general fund, the legislative
 29 body may include an amount not more than the amount necessary to
 30 compensate its members for their services during the year for which the
 31 levies are made.

32 (f) After the legislative body has taken action on the executive's
 33 estimates, it shall levy taxes for the township funds on property in the
 34 township and fix rates of taxation sufficient to provide that revenue
 35 during the next year.

36 (g) On the assessment date, as defined by IC 6-1.1-1-2, the rates of
 37 taxation adopted under this section become a levy and a lien on all
 38 taxable property in the township, including property in municipalities

1 in the township. The levy constitutes an appropriation for the specific
2 items in the executive's estimates.

3 **(h) This subsection does not apply in a county having a**
4 **consolidated city. In addition to any other requirements, the**
5 **budget and property tax levies for 2010 and thereafter of a**
6 **township must be reviewed and approved by the county fiscal body**
7 **as provided in IC 6-1.1-17-20.2.**

8 SECTION 7. IC 36-6-9 IS ADDED TO THE INDIANA CODE AS
9 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
10 1, 2009]:

11 **Chapter 9. Employment of Relatives**

12 **Sec. 1. This section does not apply to an individual who:**

- 13 **(1) is a contractor or employed by a contractor, for the design**
- 14 **or construction of a township public works project;**
- 15 **(2) is a vendor or employed by a vendor for a township**
- 16 **purchase of supplies;**
- 17 **(3) is a vendor or employed by a vendor for a township**
- 18 **purchase of mowing services, or property maintenance**
- 19 **services; or**
- 20 **(4) is a member of a paid fire department or a volunteer fire**
- 21 **department that renders fire protection services to the**
- 22 **township.**

23 **Sec. 2. (a) As used in this chapter, "relative" means:**

- 24 **(1) a husband;**
- 25 **(2) a wife;**
- 26 **(3) a father, grandfather, or stepfather;**
- 27 **(4) a mother, grandmother, or stepmother;**
- 28 **(5) a son, grandson, stepson, or son-in-law;**
- 29 **(6) a daughter, granddaughter, stepdaughter, or**
- 30 **daughter-in-law;**
- 31 **(7) a brother or stepbrother;**
- 32 **(8) a sister or stepsister;**
- 33 **(9) an aunt;**
- 34 **(10) an uncle;**
- 35 **(11) a niece;**
- 36 **(12) a nephew; or**
- 37 **(13) a first cousin.**

38 **(b) A relative by adoption, half-blood, marriage, or remarriage**

1 shall be treated as a relative of whole kinship.
2 **Sec. 3. An individual who is a relative of a township officer or**
3 **employee may not be employed by the township in a position in**
4 **which the individual would have a direct supervisory or**
5 **subordinate relationship with the officer or employee who is the**
6 **individual's relative.**
7 **Sec. 4. A township employee who marries another township**
8 **employee or officer may not continue to be employed in the same**
9 **position the employee held before the marriage if the employee**
10 **would have a direct supervisory or subordinate relationship with**
11 **the employee's spouse.**
12 **Sec. 5. This section does not require the termination or**
13 **reassignment of any employee of a township from any position held**
14 **by that individual before July 1, 2009.**

(Reference is to SB 512 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 9, Nays 2.

Lawson C

Chairperson