HOUSE BILL No. 1312

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-1.5-3-5; IC 36-6-1.5-12.

Synopsis: Local government reorganization and merger. Requires the department of local government finance to develop criteria for making an adjustment to allow a political subdivision to retain a part of its levy and budget that would otherwise be reduced because of savings from a government reorganization or township merger. Provides that the amount of such an adjustment may not exceed a specified percentage of the savings or reduction realized in the first full year of operation after the merger or reorganization. Provides that the percentage is 50% in the first year of the adjustment and phases down to 10% in the fourth year of the adjustment and thereafter. Provides that the fiscal body of the reorganizing political subdivision or new township shall determine and certify to the department of local government finance the amount of the adjustment that the political subdivision or new township wishes to accept. Provides that in the case of a reorganization under the government modernization statutes, the amount of any adjustment accepted by a reorganized political subdivision must comply with the reorganization agreement.

Effective: July 1, 2011.

Truitt

January 13, 2011, read first time and referred to Committee on Government and Regulatory Reform.

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Introduced

First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

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HOUSE BILL No. 1312

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 36-1.5-3-5, AS ADDED BY P.L.186-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. **(a)** The department **of local government finance** shall establish ~~a formula~~ **criteria** for ~~adjusting~~ **making an adjustment to the** maximum permissible property tax levies, maximum permissible property tax rates, and budgets under ~~this chapter that permits~~ **IC 6-1.1-18.5 if** a political subdivision (or a successor political subdivision) ~~that~~ realizes **through a reorganization under this article** a:

(1) savings; ~~to its taxpayers;~~ or

(2) reduction in the reasonably foreseeable expenses that would otherwise ~~be~~ **have been** incurred by ~~its taxpayers;~~ **the political subdivision if the reorganization had not taken place.**

~~through a reorganization under this article.~~

(b) Except as provided in subsection (d), the adjustment under this section must permit the political subdivision to continue to:

(1) include in the political subdivision's budget part of the

budgeted amounts that would otherwise be reduced by the department of local government finance under section 4 of this chapter on account of the realized savings or reduction in expenses that occurs because of the reorganization; and

(2) impose part of the property tax levy ~~part of~~ **that would otherwise be reduced by the department of local government finance under section 4 of this chapter on account of** the realized savings or reduction **in expenses that occurs because of the reorganization.**

(c) The additional amount that a political subdivision may continue to levy or include in the political subdivision's budget because of the adjustment under this section may not exceed ~~fifty percent (50%) of~~ **the result of:**

(A) the savings or reduction realized in the first full year of operation after the reorganization is implemented, as determined by the department of local government finance; **multiplied by**

(B) a percentage determined as follows:

(i) Fifty percent (50%) in the first year of the adjustment.

(ii) Fifty percent (50%) in the second year of the adjustment.

(iii) Thirty percent (30%) in the third year of the adjustment.

(iv) Ten percent (10%) in the fourth year of the adjustment and thereafter.

The fiscal body of the political subdivision shall determine and certify to the department of local government finance the amount of the adjustment that the political subdivision wishes to accept under this section.

(d) The amount of any adjustment accepted by a political subdivision under this section must comply with the reorganization agreement under which the political subdivision is reorganized under this article.

SECTION 2. IC 36-6-1.5-12, AS ADDED BY P.L.240-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. **(a) Subject to subsection (b),** the officers of the new township government shall:

(1) obtain from the department of local government finance approval under IC 6-1.1-18.5-7 of:

(A) a budget;

(B) an ad valorem property tax levy; and

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(C) a property tax rate;

(2) fix the annual budget under IC 6-1.1-17;

(3) impose a property tax levy; and

(4) take any action necessary to ensure the collection of fees and other revenue;

for the new township government for the budget year following the year the officers take office.

(b) The department of local government finance shall establish criteria for making an adjustment to the maximum permissible property tax levies, maximum permissible property tax rates, and budgets under IC 6-1.1-18.5 if the new township realizes through a merger under this chapter a:

(1) savings; or

(2) reduction in the reasonably foreseeable expenses that would otherwise have been incurred by the political subdivision if the merger had not taken place.

(c) The adjustment under subsection (b) must permit the new township to continue to:

(1) include in the township's budget part of the budgeted amounts that would otherwise be reduced by the department of local government finance on account of the realized savings or reduction in expenses that occurs because of the merger; and

(2) impose part of a property tax levy that would otherwise be reduced by the department of local government finance on account of the realized savings or reduction in expenses that occurs because of the merger.

(d) The additional amount that a political subdivision may continue to levy or include in the political subdivision's budget because of the adjustment under subsection (b) may not exceed the result of:

(1) the savings or reduction realized in the first full year of operation after the reorganization is implemented, as determined by the department of local government finance; multiplied by

(2) a percentage determined as follows:

(A) Fifty percent (50%) in the first year of the adjustment.

(B) Fifty percent (50%) in the second year of the adjustment.

(C) Thirty percent (30%) in the third year of the adjustment.

(D) Ten percent (10%) in the fourth year of the adjustment

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and thereafter.

The fiscal body of the new township shall determine and certify to the department of local government finance the amount of the adjustment that the new township wishes to accept under this section.

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