



March 29, 2013

**ENGROSSED  
HOUSE BILL No. 1585**

DIGEST OF HB 1585 (Updated March 26, 2013 1:47 pm - DI 73)

**Citations Affected:** IC 6-1.1; IC 12-20; IC 36-1; IC 36-6; noncode.

**Synopsis:** Township and municipal matters. Provides that if a township's township assistance property tax rate for property taxes first due and payable in 2014 or any year thereafter is more than 12 times the statewide average township assistance property tax rate (as determined by the department of local government finance), the distressed unit appeal board may designate the township as a distressed political subdivision (effective on January 1 of the following year) regardless of whether the township has submitted a petition requesting to be designated as a distressed political subdivision. Provides that if a township's township assistance property tax rate for property taxes first due and payable in 2013 or any year thereafter is more than 12 times the statewide average township assistance property tax rate (as determined by the department of local government finance), the  
(Continued next page)

**Effective:** Upon passage; July 1, 2013.

**Slager, Torr, Candelaria Reardon**

(SENATE SPONSORS — HERSHMAN, MILLER PETE)

January 23, 2013, read first time and referred to Committee on Government and Regulatory Reform.

February 7, 2013, amended, reported — Do Pass.

February 11, 2013, read second time, amended, ordered engrossed.

February 12, 2013, engrossed. Read third time, passed. Yeas 66, nays 32.

SENATE ACTION

February 25, 2013, read first time and referred to Committee on Local Government.

March 14, 2013, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.

March 28, 2013, amended, reported favorably — Do Pass.

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EH 1585—LS 7449/DI 73+



department of local government finance shall, beginning with property taxes first due and payable in the following year, do the following: (1) Remove the township assistance property tax levy from the maximum property tax levy for the township's general fund. (2) Require the township to separate its township assistance property tax levy into two property tax levies (a township assistance benefits property tax levy and a township assistance administration property tax levy). (3) Calculate a separate maximum permissible property tax levy for those two tax levies. Provides that the department of local government finance shall determine the initial maximum property tax levy for a township's township assistance administration property tax levy. Specifies the manner in which the initial maximum property tax levy for the township assistance benefits property tax levy is determined. Allows a municipality containing any territory that is: (1) located in a township with a township assistance property tax rate that for property taxes first due and payable in 2015 or any year thereafter is more than 12 times the statewide average township assistance property tax rate; and (2) adjacent to another township; to have territory of the municipality transferred to an adjacent township if certain conditions are satisfied. Provides that if sufficient voters of the municipality submit a petition requesting a transfer of such territory, a referendum shall be held on the transfer. Specifies that if at least two-thirds of the voters of the municipality who vote in the referendum vote to approve the transfer, the legislative body of the municipality may, within the one year period after the referendum, submit a petition to one or more adjacent townships requesting the adjacent township to accept the transfer of the territory of the municipality. Provides that if the legislative body of an adjacent township adopts a resolution accepting the transfer of the territory, that territory of the municipality is transferred to and becomes part of the township adopting the resolution. Provides that if no adjacent township adopts a resolution accepting the transfer of an eligible municipality's property: (1) the territory of the eligible municipality is not transferred; and (2) a subsequent referendum on the transfer of the eligible municipality's territory may not be held. Requires the commission on state tax and financing policy to study the following issues in 2013: (1) The administrative costs of providing township assistance. (2) The reporting of the administrative costs of providing township assistance.

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March 29, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1585

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:*

1 SECTION 1. IC 6-1.1-18.5-3, AS AMENDED BY P.L.172-2011,  
2 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2013]: Sec. 3. (a) A civil taxing unit may not impose an ad  
4 valorem property tax levy for an ensuing calendar year that exceeds the  
5 amount determined in the last STEP of the following STEPS:  
6 STEP ONE: Determine the civil taxing unit's maximum  
7 permissible ad valorem property tax levy for the preceding  
8 calendar year.  
9 STEP TWO: Multiply the amount determined in STEP ONE by  
10 the amount determined in the last STEP of section 2(b) of this  
11 chapter.  
12 STEP THREE: Determine the lesser of one and fifteen hundredths  
13 (1.15) or the quotient (rounded to the nearest ten-thousandth  
14 (0.0001)), of the assessed value of all taxable property subject to  
15 the civil taxing unit's ad valorem property tax levy for the ensuing  
16 calendar year, divided by the assessed value of all taxable  
17 property that is subject to the civil taxing unit's ad valorem

EH 1585—LS 7449/DI 73+



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1 property tax levy for the ensuing calendar year and that is  
 2 contained within the geographic area that was subject to the civil  
 3 taxing unit's ad valorem property tax levy in the preceding  
 4 calendar year.

5 STEP FOUR: Determine the greater of the amount determined in  
 6 STEP THREE or one (1).

7 STEP FIVE: Multiply the amount determined in STEP TWO by  
 8 the amount determined in STEP FOUR.

9 STEP SIX: Add the amount determined under STEP TWO to the  
 10 amount of an excessive levy appeal granted under section 13 of  
 11 this chapter for the ensuing calendar year.

12 STEP SEVEN: Determine the greater of STEP FIVE or STEP  
 13 SIX.

14 (b) This subsection applies only to property taxes first due and  
 15 payable after December 31, 2007. This subsection applies only to a  
 16 civil taxing unit that is located in a county for which a county adjusted  
 17 gross income tax rate is first imposed or is increased in a particular  
 18 year under IC 6-3.5-1.1-24 or a county option income tax rate is first  
 19 imposed or is increased in a particular year under IC 6-3.5-6-30.  
 20 Notwithstanding any provision in this section, ~~or~~ any other section of  
 21 this chapter, **or IC 12-20-21-3.2**, and except as provided in subsection  
 22 (c), the maximum permissible ad valorem property tax levy calculated  
 23 under this section for the ensuing calendar year for a civil taxing unit  
 24 subject to this section is equal to the civil taxing unit's maximum  
 25 permissible ad valorem property tax levy for the current calendar year.

26 (c) This subsection applies only to property taxes first due and  
 27 payable after December 31, 2007. In the case of a civil taxing unit that:

28 (1) is partially located in a county for which a county adjusted  
 29 gross income tax rate is first imposed or is increased in a  
 30 particular year under IC 6-3.5-1.1-24 or a county option income  
 31 tax rate is first imposed or is increased in a particular year under  
 32 IC 6-3.5-6-30; and

33 (2) is partially located in a county that is not described in  
 34 subdivision (1);

35 the department of local government finance shall, notwithstanding  
 36 subsection (b), adjust the portion of the civil taxing unit's maximum  
 37 permissible ad valorem property tax levy that is attributable (as  
 38 determined by the department of local government finance) to the  
 39 county or counties described in subdivision (2). The department of  
 40 local government finance shall adjust this portion of the civil taxing  
 41 unit's maximum permissible ad valorem property tax levy so that,  
 42 notwithstanding subsection (b), this portion is allowed to increase as

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1 otherwise provided in this section. If the department of local  
 2 government finance increases the civil taxing unit's maximum  
 3 permissible ad valorem property tax levy under this subsection, any  
 4 additional property taxes imposed by the civil taxing unit under the  
 5 adjustment shall be paid only by the taxpayers in the county or counties  
 6 described in subdivision (2).

7 SECTION 2. IC 6-1.1-20.3-2, AS AMENDED BY P.L.145-2012,  
 8 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2013]: Sec. 2. As used in this chapter, "distressed political  
 10 subdivision" means a political subdivision designated as a distressed  
 11 political subdivision by the board under section 6.5 or 6.7 of this  
 12 chapter.

13 SECTION 3. IC 6-1.1-20.3-6.7 IS ADDED TO THE INDIANA  
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2013]: Sec. 6.7. (a) As used in this chapter,  
 16 "township assistance property tax rate" means the property tax  
 17 rate imposed for the payment of township assistance. In the case of  
 18 a township that has a separately calculated maximum permissible  
 19 ad valorem property tax levy for the township's township  
 20 assistance administration property tax levy and the township's  
 21 township assistance benefits property tax levy under  
 22 IC 12-20-21-3.2, "township assistance property tax rate" means the  
 23 sum of the property tax rate imposed for the township's township  
 24 assistance administration property tax levy and the property tax  
 25 rate imposed for the township's township assistance benefits  
 26 property tax levy.

27 (b) Subsection (c) applies only to a township for which the  
 28 township's township assistance property tax rate for property taxes  
 29 first due and payable in 2014 or in any year thereafter is more than  
 30 the result of:

31 (1) the statewide average township assistance property tax  
 32 rate (as determined by the department of local government  
 33 finance) for property taxes first due and payable in that same  
 34 year; multiplied by

35 (2) twelve (12).

36 (c) The board may in any year in which this subsection applies  
 37 to a township (as provided in subsection (b)) designate a township  
 38 described in subsection (b) as a distressed political subdivision,  
 39 effective January 1 of the following year, regardless of whether the  
 40 township has submitted a petition requesting to be designated as a  
 41 distressed political subdivision.

42 SECTION 4. IC 6-1.1-20.3-7.5, AS ADDED BY P.L.145-2012,



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1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2013]: Sec. 7.5. (a) This section does not apply to a school  
3 corporation designated as a distressed political subdivision.

4 (b) If the board designates a political subdivision as a distressed  
5 political subdivision under section 6.5 or 6.7 of this chapter, the board  
6 shall appoint an emergency manager for the distressed political  
7 subdivision. An emergency manager serves at the pleasure of the  
8 board.

9 (c) The chairperson of the board shall oversee the activities of an  
10 emergency manager.

11 (d) The distressed political subdivision shall pay the emergency  
12 manager's compensation and reimburse the emergency manager for  
13 actual and necessary expenses.

14 SECTION 5. IC 6-1.1-20.3-8.5, AS ADDED BY P.L.145-2012,  
15 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2013]: Sec. 8.5. (a) This section does not apply to school  
17 corporations.

18 (b) Notwithstanding any other law, an emergency manager of a  
19 distressed political subdivision appointed under section 7.5 of this  
20 chapter shall do the following:

21 (1) Assume and exercise the authority and responsibilities of both  
22 the executive and the fiscal body of the political subdivision  
23 concerning the adoption, amendment, and enforcement of  
24 ordinances and resolutions relating to or affecting the fiscal  
25 stability of the political subdivision. However, the emergency  
26 manager does not have the power to impose taxes or fees in  
27 addition to the taxes or fees authorized by the political  
28 subdivision before the political subdivision was designated a  
29 distressed political subdivision.

30 (2) Review the political subdivision's budget.

31 (3) Review salaries of the political subdivision's employees.

32 (4) Conduct a financial and compliance audit of the internal  
33 operations of the political subdivision.

34 (5) Develop a written financial plan in consultation with the  
35 officials of the political subdivision not later than six (6) months  
36 after appointment.

37 (6) Develop a plan for paying all the political subdivision's  
38 outstanding obligations.

39 (7) Review existing labor contracts.

40 (8) Adopt a budget for the political subdivision for each calendar  
41 or fiscal year, as applicable, that the political subdivision remains  
42 a distressed political subdivision.

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- 1 (9) Review payrolls and other claims against the political
- 2 subdivision before payment.
- 3 (10) Make, approve, or disapprove the following:
- 4 (A) A contract.
- 5 (B) An expenditure.
- 6 (C) A loan.
- 7 (D) The creation of any new position.
- 8 (E) The filling of any vacant position.
- 9 (11) Submit a written report to the board every three (3) months
- 10 concerning:
- 11 (A) actions taken by the emergency manager;
- 12 (B) expenditures made by the distressed political subdivision;
- 13 and
- 14 (C) the work that has been done to remove the distressed
- 15 political subdivision from distressed status.
- 16 (12) Petition the board to terminate a political subdivision's status
- 17 as a distressed political subdivision when the conditions found in
- 18 section 6.5 of this chapter are no longer applicable to the political
- 19 subdivision.
- 20 (c) An emergency manager of a distressed political subdivision
- 21 appointed under section 7.5 of this chapter may do the following:
- 22 (1) Renegotiate existing labor contracts and act as an agent of the
- 23 political subdivision in collective bargaining.
- 24 (2) Reduce or suspend salaries of the political subdivision's
- 25 employees.
- 26 (3) Enter into agreements with other political subdivisions for the
- 27 provision of services.
- 28 (d) Except as provided in section ~~13(e)~~ **13(d)** of this chapter, an
- 29 emergency manager of a distressed political subdivision retains the
- 30 powers and duties described in subsections (b) and (c) until:
- 31 (1) the emergency manager resigns or dies;
- 32 (2) the board removes the emergency manager; or
- 33 (3) the political subdivision's status as a distressed political
- 34 subdivision is terminated under section 13(b) **or 13(c)** of this
- 35 chapter.
- 36 SECTION 6. IC 6-1.1-20.3-10, AS AMENDED BY P.L.145-2012,
- 37 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 38 JULY 1, 2013]: Sec. 10. A distressed political subdivision may petition
- 39 the tax court for judicial review of a determination of the board under
- 40 section 6.5 **or 6.7** of this chapter. The action must be taken to the tax
- 41 court under IC 6-1.1-15 in the same manner that an action is taken to
- 42 appeal a final determination of the Indiana board of tax review. The

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1 petition must be filed in the tax court not more than forty-five (45) days  
2 after the board enters its final determination.

3 SECTION 7. IC 6-1.1-20.3-13, AS ADDED BY P.L.145-2012,  
4 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2013]: Sec. 13. (a) If:

6 (1) an emergency manager of a distressed political subdivision  
7 that is not a school corporation;

8 (2) the fiscal body and executive of the political subdivision  
9 jointly; or

10 (3) the governing body of a school corporation that:

11 (A) employs a new superintendent; or

12 (B) has a new member elected or appointed to its governing  
13 body;

14 during the time the school corporation is a distressed political  
15 subdivision;

16 files a petition with the board for termination of the political  
17 subdivision's status as a distressed political subdivision, the board shall  
18 conduct a public hearing on the question of whether to terminate the  
19 political subdivision's status as a distressed political subdivision.

20 **(b) In the case of a political subdivision designated as distressed**  
21 **under section 6.5 of this chapter**, the board shall terminate the  
22 political subdivision's status as a distressed political subdivision if the  
23 board finds that the conditions found in section 6.5 of this chapter are  
24 no longer applicable to the political subdivision.

25 **(c) In the case of a township designated as distressed under**  
26 **section 6.7 of this chapter**, the board shall terminate the township's  
27 status as a distressed political subdivision if the board finds that  
28 the township's township assistance property tax rate (as defined in  
29 section 6.7(a) of this chapter) for the current calendar year is not  
30 more than the result of:

31 **(1) the statewide average township assistance property tax**  
32 **rate (as determined by the department of local government**  
33 **finance) for property taxes first due and payable in that same**  
34 **year; multiplied by**

35 **(2) twelve (12).**

36 **(e) (d)** Notwithstanding any other section of this chapter, not later  
37 than ninety (90) days after taking office, a new executive of a distressed  
38 political subdivision may petition the board for suspension of the  
39 political subdivision's distressed status. **In the case of a political**  
40 **subdivision designated as distressed under section 6.5 of this**  
41 **chapter**, the executive must include in its petition a written plan to  
42 resolve the applicable issues described in section 6.5 of this chapter. **In**

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1 **the case of a township designated as distressed under section 6.7 of**  
 2 **this chapter, the executive must include in its petition a written**  
 3 **plan to lower the township's township assistance property tax rate**  
 4 **(as defined in section 6.7(a) of this chapter).** If the board approves  
 5 the executive's written plan, the board may suspend the political  
 6 subdivision's distressed status for one hundred eighty (180) days.  
 7 Suspension under this chapter terminates automatically upon expiration  
 8 of the one hundred eighty (180) day period. The board may consider a  
 9 petition to terminate the political subdivision's distressed status during  
 10 a period of suspension.

11 SECTION 8. IC 12-20-21-3, AS AMENDED BY P.L.73-2005,  
 12 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 13 JULY 1, 2013]: Sec. 3. (a) **Except as provided in section 3.2 of this**  
 14 **chapter,** a township trustee and township board may levy a specific tax  
 15 for the purpose of providing money for the payment of township  
 16 assistance expenses in the following year. The tax may be sufficient to  
 17 meet the entire requirement of the township in the following year or the  
 18 part that is determined to be proper.

19 (b) **Except as provided in section 3.2 of this chapter,** if a tax levy  
 20 is established under subsection (a), all proceeds derived from the tax  
 21 levy shall be distributed to the township at the same time and in the  
 22 same manner as proceeds from other property tax levies are distributed  
 23 to the township. The proceeds of the tax levy shall be held by the  
 24 township in its township assistance account free and available for the  
 25 payment of township assistance obligations of the township. The funds  
 26 are continuing funds and do not revert to any other fund at the end of  
 27 the year.

28 SECTION 9. IC 12-20-21-3.2 IS ADDED TO THE INDIANA  
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 2013]: **Sec. 3.2. (a) This section applies only**  
 31 **to a township if the township's township assistance property tax**  
 32 **rate (as defined in IC 6-1.1-20.3-6.7(a)) for property taxes first due**  
 33 **and payable in 2013 or any year thereafter is more than the result**  
 34 **of:**

35 (1) **the statewide average township assistance property tax**  
 36 **rate (as determined by the department of local government**  
 37 **finance) for property taxes first due and payable in in that**  
 38 **same year; multiplied by**

39 (2) **twelve (12).**

40 (b) **Notwithstanding any other law, beginning with property**  
 41 **taxes first due and payable in the year following the year in which**  
 42 **this section first applies to the township, as provided in subsection**

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- 1 (a), the department of local government finance shall do the
- 2 following in the case of a township subject to this section:
- 3 (1) Remove the township assistance property tax levy from
- 4 the maximum permissible ad valorem property tax levy for
- 5 the township's general fund.
- 6 (2) Require the township to separate its township assistance
- 7 property tax levy into the following two (2) property tax
- 8 levies:
- 9 (A) A township assistance benefits property tax levy.
- 10 (B) A township assistance administration property tax
- 11 levy.
- 12 (3) Calculate a separate maximum permissible ad valorem
- 13 property tax levy under IC 6-1.1-18.5 for each of the
- 14 township's property tax levies described in subdivision (2).
- 15 (c) The department of local government finance shall, for
- 16 property taxes first due and payable in the year following the year
- 17 in which this section first applies to the township, as provided in
- 18 subsection (a), determine the initial maximum permissible ad
- 19 valorem property tax levy under IC 6-1.1-18.5 for a township's
- 20 township assistance administration property tax levy.
- 21 (d) The initial maximum permissible ad valorem property tax
- 22 levy under IC 6-1.1-18.5 for a township's township assistance
- 23 benefits property tax levy for property taxes first due and payable
- 24 in the year following the year in which this section first applies to
- 25 the township, as provided in subsection (a), is equal to the amount
- 26 determined in the following STEPS:
- 27 STEP ONE: Determine the result of:
- 28 (A) the township's township assistance property tax levy
- 29 for property taxes first due and payable in the year in
- 30 which this section first applies to the township, as provided
- 31 in subsection (a); minus
- 32 (B) the result determined by the department of local
- 33 government finance for the township under subsection (c).
- 34 STEP TWO: Multiply the STEP ONE result by the assessed
- 35 value growth quotient under IC 6-1.1-18.5-2 that is applicable
- 36 to the township for property taxes first due and payable in the
- 37 year following the year in which this section first applies to
- 38 the township, as provided in subsection (a).
- 39 (e) The maximum permissible ad valorem property tax levy for
- 40 the township's general fund shall be adjusted as determined in the
- 41 following STEPS:
- 42 STEP ONE: Multiply:

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1 (A) the township's township assistance property tax levy  
 2 for property taxes first due and payable in the year in  
 3 which this section first applies to the township, as provided  
 4 in subsection (a); by  
 5 (B) the assessed value growth quotient under  
 6 IC 6-1.1-18.5-2 that is applicable to the township for  
 7 property taxes first due and payable in the year following  
 8 the year in which this section first applies to the township,  
 9 as provided in subsection (a).  
 10 **STEP TWO:** Subtract the STEP ONE result from the  
 11 maximum permissible ad valorem property tax levy that  
 12 would otherwise apply for the township's general fund.  
 13 The adjustment under this subsection applies beginning with  
 14 property taxes first due and payable in the year following the year  
 15 in which this section first applies to the township, as provided in  
 16 subsection (a).  
 17 (f) The property taxes collected from a township's township  
 18 assistance administration property tax levy:  
 19 (1) shall be deposited into a separate fund;  
 20 (2) shall be used only for the administration of township  
 21 assistance within the township; and  
 22 (3) shall not be used to pay township assistance to any person.  
 23 (g) The property taxes collected from a township's township  
 24 assistance benefits property tax levy:  
 25 (1) shall be deposited into a separate fund;  
 26 (2) shall be used only for the purpose of paying township  
 27 assistance to eligible recipients; and  
 28 (3) shall not be used to pay for the administration of township  
 29 assistance within the township.  
 30 (h) Except as provided in this section, references in the Indiana  
 31 Code to a township assistance property tax levy shall, in the case  
 32 of a township subject to this section, be considered a reference to  
 33 the township's township assistance benefits property tax levy and  
 34 the township's township assistance administration property tax  
 35 levy.  
 36 SECTION 10. IC 36-1-1.5 IS ADDED TO THE INDIANA CODE  
 37 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 38 JULY 1, 2013]:  
 39 **Chapter 1.5. Transfer of Municipal Territory to an Adjacent**  
 40 **Township**  
 41 **Sec. 1. This chapter does not apply to a county having a**  
 42 **consolidated city.**

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**Sec. 2. As used in this chapter, "eligible municipality" means a municipality that:**

**(1) includes any territory located in a township for which the township assistance property tax rate for property taxes first due and payable in 2015 or in any year thereafter is more than:**

**(A) the statewide average township assistance property tax rate for property taxes first due and payable in that same year (as determined by the department of local government finance); multiplied by**

**(B) twelve (12); and**

**(2) is adjacent to one (1) or more townships other than the township described in subdivision (1).**

**Sec. 3. As used in this chapter, "township assistance property tax rate" has the meaning set forth in IC 6-1.1-20.3-6.7(a).**

**Sec. 4. As used in this chapter, "transferor township" means a township described in section 2(1) of this chapter.**

**Sec. 5. This chapter does not prohibit the:**

**(1) reorganization; or**

**(2) alteration of the boundaries;**

**of one (1) or more townships under any other law.**

**Sec. 6. The territory of an eligible municipality that is located in a transferor township may be transferred from the transferor township to an adjacent township within the county as provided in this chapter.**

**Sec. 7. The voters of an eligible municipality may file a petition with the clerk of the eligible municipality to have a public question placed on the ballot under section 8 of this chapter to allow voters to vote on whether the territory of the eligible municipality should be transferred to an adjacent township within the county. A petition under this section must be signed by at least the number of voters equal to thirty percent (30%) of the votes cast in the eligible municipality in the last election for secretary of state.**

**Sec. 8. The following apply if the voters of an eligible municipality file a sufficient petition under section 7 of this chapter:**

**(1) The clerk of the eligible municipality shall certify the petition to the county election board.**

**(2) A special election on the public question shall be held in the eligible municipality in the manner prescribed by IC 3-10-8-6. The special election shall be held on a date that:**

**(A) is determined by the legislative body of the eligible**

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municipality; and

(B) is not more than one (1) year after the date on which the clerk of the eligible municipality certifies the petition to the county election board.

(3) The clerk of the eligible municipality shall give notice of the special election by publication in the manner prescribed by IC 5-3-1.

(4) The eligible municipality shall pay the costs of holding the special election.

(5) The county election board shall place the following question on the ballot in the eligible municipality:  
 "Shall the territory of \_\_\_\_\_ (insert the name of the eligible municipality) be transferred from \_\_\_\_\_ (insert the name of the transferor township) to an adjacent township?"

(6) After the special election on the public question is held, the county election board:

(A) shall file with the clerk of the eligible municipality the results of the special election for each precinct of the eligible municipality in the manner prescribed by IC 3-12-4; and

(B) shall certify a copy of the results of the special election to:

- (i) the county auditor;
- (ii) the legislative body and executive of the eligible municipality; and
- (iii) the legislative body and executive of each township that includes territory of the eligible municipality.

**Sec. 9. The following apply if at least two-thirds (2/3) of the voters voting in a special election under this chapter vote "yes" on the public question under this chapter:**

(1) The legislative body of the eligible municipality may, within one (1) year after the special election, submit a petition to one (1) or more adjacent townships requesting an adjacent township to accept the transfer of the territory of the eligible municipality that is within the transferor township.

(2) The legislative body of an adjacent township that receives a petition under subdivision (1) may adopt a resolution accepting the transfer of the territory of the eligible municipality that is within the transferor township and specifying the date on which the transfer is effective. However, the legislative body of the adjacent township may

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adopt a resolution accepting the transfer of the territory of the eligible municipality only within the one (1) year period following the date on which the legislative body receives the petition.

(3) If the legislative body of the eligible municipality submits a petition to one (1) or more adjacent townships under subdivision (1) within one (1) year after the special election, but a resolution accepting the transfer of the territory of the eligible municipality within the transferor township is not adopted by the legislative body of an adjacent township within the one (1) year period following the date on which the last legislative body of a township receives such a petition:

(A) the territory of the eligible municipality may not be transferred under this chapter; and

(B) a subsequent special election under this chapter may not be held in the eligible municipality.

(4) If the legislative body of the eligible municipality does not submit a petition to one (1) or more adjacent townships under subdivision (1) within one (1) year after the special election:

(A) the territory of the eligible municipality may not be transferred under this chapter; and

(B) a subsequent special election under this chapter may not be held in the eligible municipality.

**Sec. 10. If less than two-thirds (2/3) of the voters voting in a special election under this chapter vote "yes" on the public question under this chapter:**

(1) the territory of the eligible municipality may not be transferred under this chapter; and

(2) a subsequent special election under this chapter may not be held in the eligible municipality.

**Sec. 11. (a) If the legislative body of a township that receives a petition under section 9(2) of this chapter adopts a resolution accepting the transfer of the eligible municipality's territory that is within the transferor township as provided in section 9(2) of this chapter, the territory of the eligible municipality that is within the transferor township is transferred to and becomes part of the township adopting the resolution on the date specified in the resolution.**

**(b) If more than one (1) adjacent township adopts a resolution as provided in section 9(2) of this chapter accepting the transfer of the territory of the eligible municipality that is within the transferor township, the territory of the eligible municipality that**

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1 is within the transferor township is transferred to and becomes  
2 part of the township that is first to adopt the resolution.

3 Sec. 12. (a) Except as provided in subsection (c), if the transferor  
4 township is indebted or has outstanding unpaid bonds or other  
5 obligations at the time the transfer is effective, the township to  
6 which the territory is transferred is liable for and shall pay that  
7 indebtedness in the same ratio as the assessed valuation of the  
8 property transferred bears to the assessed valuation of all property  
9 in the transferor township, as determined for the last assessment  
10 date before the transfer.

11 (b) Except as provided in subsection (c), if the indebtedness  
12 consists of outstanding unpaid bonds or notes of the transferor  
13 township, the payments to the transferor township shall be made  
14 as the principal or interest on the bonds or notes becomes due.  
15 Except as provided in subsection (c), the township to which the  
16 territory is transferred may impose property taxes to pay the  
17 outstanding indebtedness only within the territory that is  
18 transferred, and the territory that is transferred constitutes a  
19 special taxing district for purposes of paying the outstanding  
20 indebtedness. The department of local government finance shall  
21 determine the amount of outstanding indebtedness, if any, for  
22 which taxpayers of the territory that has been transferred remain  
23 liable under this section.

24 (c) After a transfer of territory of an eligible municipality is  
25 effective under this chapter, the following apply to debt incurred  
26 by a transferor township during the period beginning one (1) year  
27 before the date on which a petition is filed with the clerk of the  
28 eligible municipality under section 7 of this chapter and ending on  
29 the date the transfer of territory is effective:

30 (1) The township to which the territory is transferred is not  
31 liable for and is not required to pay any part of that  
32 indebtedness.

33 (2) A property tax may not be imposed on the taxpayers of the  
34 transferred territory to pay any part of that indebtedness.

35 (3) The territory that is transferred does not constitute a  
36 special taxing district for purposes of paying any part of that  
37 indebtedness.

38 Sec. 13. The department of local government finance shall  
39 adjust the maximum permissible ad valorem property tax levies of  
40 the:

41 (1) transferor township; and

42 (2) township to which territory is transferred under this

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1 chapter;  
 2 as the department of local government finance determines is  
 3 necessary to reflect the transfer of the territory.  
 4 **Sec. 14. A transfer of territory under this chapter may not take**  
 5 **effect during the year preceding a year in which a federal decennial**  
 6 **census is conducted. A transfer of territory under this chapter that**  
 7 **would otherwise take effect during the year preceding a year in**  
 8 **which a federal decennial census is conducted takes effect January**  
 9 **2 of the year in which the federal decennial census is conducted.**  
 10 SECTION 11. IC 36-6-1-6 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) **This section**  
 12 **does not apply to a township that is altered under IC 36-1-1.5.**  
 13 (b) After creation of a township or alteration of a township's  
 14 boundaries, the township must have:  
 15 (1) a surface area of at least twelve (12) square miles and an  
 16 assessed valuation of at least two million dollars (\$2,000,000); or  
 17 (2) a surface area of at least twenty-four (24) square miles;  
 18 unless it was created or altered under section 3 of this chapter.  
 19 SECTION 12. [EFFECTIVE UPON PASSAGE] (a) **The**  
 20 **commission on state tax and financing policy established under**  
 21 **IC 2-5-3 shall, during the interim in 2013 between sessions of the**  
 22 **general assembly, study the following issues:**  
 23 (1) **The administrative costs of providing township assistance.**  
 24 (2) **The reporting of the administrative costs of providing**  
 25 **township assistance.**  
 26 (b) **The commission shall report its findings and**  
 27 **recommendations, if any, to the legislative council in an electronic**  
 28 **format under IC 5-14-6 before November 1, 2013.**  
 29 (c) **This SECTION expires January 1, 2014.**  
 30 SECTION 13. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1585, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 10 through 16, begin a new line block indented and insert:

**"(1) includes any territory located in a township for which the average of the township assistance property tax rates for the preceding four (4) years is equal to at least:**

- (A) the statewide average township assistance property tax rate for the preceding four (4) years (as determined by the department of local government finance); multiplied by**
- (B) fifteen (15); and".**

and when so amended that said bill do pass.

(Reference is to HB 1585 as introduced.)

MAHAN, Chair

Committee Vote: yeas 11, nays 1.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1585 be amended to read as follows:

Page 4, line 2, delete ", section 14 of this chapter applies to the eligible" and insert ":

- (A) the territory of the eligible municipality may not be transferred under this chapter; and**
- (B) a subsequent special election under this chapter may not be held in the eligible municipality."**

Page 4, delete line 3.

Page 5, delete lines 34 through 42.

Delete page 6.

Page 7, delete lines 1 through 24.

Page 7, line 25, delete "Sec. 15." and insert "Sec. 14."

(Reference is to HB 1585 as printed February 8, 2013.)

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COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred House Bill No. 1585, 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:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to HB 1585 as reprinted February 12, 2013.)

HEAD, Chairperson

Committee Vote: Yeas 8, Nays 1.

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1585, 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:

Page 3, delete lines 13 through 31, begin a new paragraph and insert:

"SECTION 3. IC 6-1.1-20.3-6.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 6.7. (a) As used in this chapter, "township assistance property tax rate" means the property tax rate imposed for the payment of township assistance. In the case of a township that has a separately calculated maximum permissible ad valorem property tax levy for the township's township assistance administration property tax levy and the township's township assistance benefits property tax levy under IC 12-20-21-3.2, "township assistance property tax rate" means the sum of the property tax rate imposed for the township's township assistance administration property tax levy and the property tax rate imposed for the township's township assistance benefits property tax levy.**

**(b) Subsection (c) applies only to a township for which the township's township assistance property tax rate for property taxes first due and payable in 2014 or in any year thereafter is more than**



the result of:

- (1) the statewide average township assistance property tax rate (as determined by the department of local government finance) for property taxes first due and payable in that same year; multiplied by
- (2) twelve (12).

(c) The board may in any year in which this subsection applies to a township (as provided in subsection (b)) designate a township described in subsection (b) as a distressed political subdivision, effective January 1 of the following year, regardless of whether the township has submitted a petition requesting to be designated as a distressed political subdivision."

Page 6, delete lines 15 through 27, begin a new paragraph and insert:

"(c) In the case of a township designated as distressed under section 6.7 of this chapter, the board shall terminate the township's status as a distressed political subdivision if the board finds that the township's township assistance property tax rate (as defined in section 6.7(a) of this chapter) for the current calendar year is not more than the result of:

- (1) the statewide average township assistance property tax rate (as determined by the department of local government finance) for property taxes first due and payable in that same year; multiplied by
- (2) twelve (12)."

Page 6, line 37, delete "levy" and insert "rate (as defined in section 6.7(a) of this chapter)."

Page 6, delete lines 38 through 39.

Page 6, line 40, delete "in the case of a township subject to IC 12-20-21-3.2)."

Page 7, line 24, after "applies" insert "only".

Page 7, line 25, delete "levy" and insert "rate (as defined in IC 6-1.1-20.3-6.7(a))".

Page 7, line 26, after "2013" insert "or any year thereafter".

Page 7, line 29, delete "levy" and insert "rate".

Page 7, line 30, delete "2013;" and insert "in that same year;".

Page 7, line 32, delete "ten (10)." and insert "twelve (12)."

Page 7, line 34, delete "2014" and insert "the year following the year in which this section first applies to the township, as provided in subsection (a)."

Page 8, delete lines 7 through 30, begin a new paragraph and insert:

"(c) The department of local government finance shall, for

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property taxes first due and payable in the year following the year in which this section first applies to the township, as provided in subsection (a), determine the initial maximum permissible ad valorem property tax levy under IC 6-1.1-18.5 for a township's township assistance administration property tax levy."

Page 8, line 34, delete "2014" and insert "the year following the year in which this section first applies to the township, as provided in subsection (a)."

Page 8, line 37, delete "2013;" and insert "the year in which this section first applies to the township, as provided in subsection (a);".

Page 8, line 38, after "determined" insert "by the department of local government finance".

Page 8, line 38, delete "STEP".

Page 8, line 39, delete "ONE of".

Page 9, line 1, delete "2014." and insert "the year following the year in which this section first applies to the township, as provided in subsection (a)."

Page 9, line 7, delete "2013;" and insert "the year in which this section first applies to the township, as provided in subsection (a);".

Page 9, line 10, delete "2014." and insert "the year following the year in which this section first applies to the township, as provided in subsection (a)."

Page 9, line 15, delete "2014." and insert "the year following the year in which this section first applies to the township, as provided in subsection (a)."

Page 9, after line 34, begin a new paragraph and insert:

"SECTION 10. IC 36-1-1.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

**Chapter 1.5. Transfer of Municipal Territory to an Adjacent Township**

**Sec. 1. This chapter does not apply to a county having a consolidated city.**

**Sec. 2. As used in this chapter, "eligible municipality" means a municipality that:**

**(1) includes any territory located in a township for which the township assistance property tax rate for property taxes first due and payable in 2015 or in any year thereafter is more than:**

**(A) the statewide average township assistance property tax rate for property taxes first due and payable in that same year (as determined by the department of local**

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government finance); multiplied by

(B) twelve (12); and

(2) is adjacent to one (1) or more townships other than the township described in subdivision (1).

Sec. 3. As used in this chapter, "township assistance property tax rate" has the meaning set forth in IC 6-1.1-20.3-6.7(a).

Sec. 4. As used in this chapter, "transferor township" means a township described in section 2(1) of this chapter.

Sec. 5. This chapter does not prohibit the:

(1) reorganization; or

(2) alteration of the boundaries;

of one (1) or more townships under any other law.

Sec. 6. The territory of an eligible municipality that is located in a transferor township may be transferred from the transferor township to an adjacent township within the county as provided in this chapter.

Sec. 7. The voters of an eligible municipality may file a petition with the clerk of the eligible municipality to have a public question placed on the ballot under section 8 of this chapter to allow voters to vote on whether the territory of the eligible municipality should be transferred to an adjacent township within the county. A petition under this section must be signed by at least the number of voters equal to thirty percent (30%) of the votes cast in the eligible municipality in the last election for secretary of state.

Sec. 8. The following apply if the voters of an eligible municipality file a sufficient petition under section 7 of this chapter:

(1) The clerk of the eligible municipality shall certify the petition to the county election board.

(2) A special election on the public question shall be held in the eligible municipality in the manner prescribed by IC 3-10-8-6. The special election shall be held on a date that:

(A) is determined by the legislative body of the eligible municipality; and

(B) is not more than one (1) year after the date on which the clerk of the eligible municipality certifies the petition to the county election board.

(3) The clerk of the eligible municipality shall give notice of the special election by publication in the manner prescribed by IC 5-3-1.

(4) The eligible municipality shall pay the costs of holding the special election.

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(5) The county election board shall place the following question on the ballot in the eligible municipality:

"Shall the territory of \_\_\_\_\_ (insert the name of the eligible municipality) be transferred from \_\_\_\_\_ (insert the name of the transferor township) to an adjacent township?"

(6) After the special election on the public question is held, the county election board:

(A) shall file with the clerk of the eligible municipality the results of the special election for each precinct of the eligible municipality in the manner prescribed by IC 3-12-4; and

(B) shall certify a copy of the results of the special election to:

- (i) the county auditor;
- (ii) the legislative body and executive of the eligible municipality; and
- (iii) the legislative body and executive of each township that includes territory of the eligible municipality.

Sec. 9. The following apply if at least two-thirds (2/3) of the voters voting in a special election under this chapter vote "yes" on the public question under this chapter:

(1) The legislative body of the eligible municipality may, within one (1) year after the special election, submit a petition to one (1) or more adjacent townships requesting an adjacent township to accept the transfer of the territory of the eligible municipality that is within the transferor township.

(2) The legislative body of an adjacent township that receives a petition under subdivision (1) may adopt a resolution accepting the transfer of the territory of the eligible municipality that is within the transferor township and specifying the date on which the transfer is effective. However, the legislative body of the adjacent township may adopt a resolution accepting the transfer of the territory of the eligible municipality only within the one (1) year period following the date on which the legislative body receives the petition.

(3) If the legislative body of the eligible municipality submits a petition to one (1) or more adjacent townships under subdivision (1) within one (1) year after the special election, but a resolution accepting the transfer of the territory of the eligible municipality within the transferor township is not

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adopted by the legislative body of an adjacent township within the one (1) year period following the date on which the last legislative body of a township receives such a petition:

- (A) the territory of the eligible municipality may not be transferred under this chapter; and
- (B) a subsequent special election under this chapter may not be held in the eligible municipality.

(4) If the legislative body of the eligible municipality does not submit a petition to one (1) or more adjacent townships under subdivision (1) within one (1) year after the special election:

- (A) the territory of the eligible municipality may not be transferred under this chapter; and
- (B) a subsequent special election under this chapter may not be held in the eligible municipality.

Sec. 10. If less than two-thirds (2/3) of the voters voting in a special election under this chapter vote "yes" on the public question under this chapter:

- (1) the territory of the eligible municipality may not be transferred under this chapter; and
- (2) a subsequent special election under this chapter may not be held in the eligible municipality.

Sec. 11. (a) If the legislative body of a township that receives a petition under section 9(2) of this chapter adopts a resolution accepting the transfer of the eligible municipality's territory that is within the transferor township as provided in section 9(2) of this chapter, the territory of the eligible municipality that is within the transferor township is transferred to and becomes part of the township adopting the resolution on the date specified in the resolution.

(b) If more than one (1) adjacent township adopts a resolution as provided in section 9(2) of this chapter accepting the transfer of the territory of the eligible municipality that is within the transferor township, the territory of the eligible municipality that is within the transferor township is transferred to and becomes part of the township that is first to adopt the resolution.

Sec. 12. (a) Except as provided in subsection (c), if the transferor township is indebted or has outstanding unpaid bonds or other obligations at the time the transfer is effective, the township to which the territory is transferred is liable for and shall pay that indebtedness in the same ratio as the assessed valuation of the property transferred bears to the assessed valuation of all property in the transferor township, as determined for the last assessment

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date before the transfer.

(b) Except as provided in subsection (c), if the indebtedness consists of outstanding unpaid bonds or notes of the transferor township, the payments to the transferor township shall be made as the principal or interest on the bonds or notes becomes due. Except as provided in subsection (c), the township to which the territory is transferred may impose property taxes to pay the outstanding indebtedness only within the territory that is transferred, and the territory that is transferred constitutes a special taxing district for purposes of paying the outstanding indebtedness. The department of local government finance shall determine the amount of outstanding indebtedness, if any, for which taxpayers of the territory that has been transferred remain liable under this section.

(c) After a transfer of territory of an eligible municipality is effective under this chapter, the following apply to debt incurred by a transferor township during the period beginning one (1) year before the date on which a petition is filed with the clerk of the eligible municipality under section 7 of this chapter and ending on the date the transfer of territory is effective:

- (1) The township to which the territory is transferred is not liable for and is not required to pay any part of that indebtedness.
- (2) A property tax may not be imposed on the taxpayers of the transferred territory to pay any part of that indebtedness.
- (3) The territory that is transferred does not constitute a special taxing district for purposes of paying any part of that indebtedness.

Sec. 13. The department of local government finance shall adjust the maximum permissible ad valorem property tax levies of the:

- (1) transferor township; and
- (2) township to which territory is transferred under this chapter;

as the department of local government finance determines is necessary to reflect the transfer of the territory.

Sec. 14. A transfer of territory under this chapter may not take effect during the year preceding a year in which a federal decennial census is conducted. A transfer of territory under this chapter that would otherwise take effect during the year preceding a year in which a federal decennial census is conducted takes effect January 2 of the year in which the federal decennial census is conducted.



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SECTION 11. IC 36-6-1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. **(a) This section does not apply to a township that is altered under IC 36-1-1.5.**

**(b)** After creation of a township or alteration of a township's boundaries, the township must have:

- (1) a surface area of at least twelve (12) square miles and an assessed valuation of at least two million dollars (\$2,000,000); or
- (2) a surface area of at least twenty-four (24) square miles; unless it was created or altered under section 3 of this chapter.

SECTION 12. [EFFECTIVE UPON PASSAGE] **(a) The commission on state tax and financing policy established under IC 2-5-3 shall, during the interim in 2013 between sessions of the general assembly, study the following issues:**

- (1) The administrative costs of providing township assistance.**
- (2) The reporting of the administrative costs of providing township assistance.**

**(b) The commission shall report its findings and recommendations, if any, to the legislative council in an electronic format under IC 5-14-6 before November 1, 2013.**

**(c) This SECTION expires January 1, 2014.**

SECTION 13. **An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to EHB 1585 as printed March 15, 2013.)

HERSHMAN, Chairperson

Committee Vote: Yeas 9, Nays 2.

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