

LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7449

BILL NUMBER: HB 1585

NOTE PREPARED: Feb 11, 2013

BILL AMENDED: Feb 11, 2013

SUBJECT: Transfer of Certain Municipal Territory.

FIRST AUTHOR: Rep. Slager

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill allows a municipality containing any territory that is: (1) located in a township with a township assistance property tax rate that is 15 times the statewide average township assistance property tax rate for the preceding four years; and (2) adjacent to another township; to have territory of the municipality transferred to an adjacent township if certain conditions are satisfied.

The bill 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. It 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.

This bill 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. The bill 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.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Summary:* An analysis was performed to estimate the impact if the Griffith territory were transferred from Calumet Township in 2015 to St. John Township. Under the bill, Griffith may petition any adjacent township to accept transfer, but for purposes of this analysis, it was assumed that all of Griffith would be a part of St. John Township. It was also assumed that \$25,000 would be transferred from Calumet Township's levy to St. John Township's levy to pay for township assistance in Griffith.

Based on estimated assessed values and levies for taxes payable in CY 2015, this bill could result in a higher township assistance (TA) tax rate for Calumet Township and a lower total tax rate for most taxpayers in Griffith.

The earliest that a transfer could be made under this bill is for taxes payable in 2015. The transfer of territory from Calumet Township would reduce the township's 2015 AV tax base by 16.6% from an estimated \$3.41 B to \$2.54 B. The AV reduction for Calumet Township would cause an increase in Calumet Township's tax rates from an estimated \$0.36 per \$100 AV to \$0.43 in 2015. There would be virtually no change in the St. John Township tax rate. The total district tax rate for taxpayers in the affected portion of Griffith would be reduced from an estimated rate of \$3.73 to \$3.38.

Changes in the total tax rate for any taxpayer would impact net tax bills and revenue losses due to the circuit breaker caps for any taxing units that intersect with Calumet Township and Griffith.

Total circuit breaker losses for civil taxing units and schools would increase by an estimated \$976,000. Net tax bills would be reduced by an estimated \$1,015,000. The resulting net revenues would increase for some taxing units and decrease for other units. Net TIF revenues (after changes in both gross taxes and circuit breaker losses) would decline by about \$37,000. (Please see the table at the end of this document for the estimated impact on net revenues by taxing unit.)

(Revised) *Background:* Calumet Township in Lake County is the only township that had a township assistance fund tax rate exceeding the statewide average rate by a multiple of 15 or more during each of the past four years. The state average tax rate in 2012 was \$0.0150 per \$100 of assessed value. The 2012 Calumet Township rate of \$0.3153 was 20.5 times the average. The next closest was Wayne Township in Allen County with a tax rate of \$0.1223, or 8 times the average in 2012.

There are three municipalities that are at least partially located in Calumet Township. The city of Gary accounts for 76% of the township's net AV. Griffith makes up 17.9% of the AV, and Lake Station accounts for 0.1% of the township's AV. The remaining 6% of Calumet Township's AV is attributable to unincorporated areas.

A small portion of Griffith is already located in St. John Township. The above analysis estimates the impact if the remaining Griffith territory were transferred from Calumet Township to St. John Township. For purposes of the analysis, it was assumed that Calumet Township's township assistance levy would be reduced by \$25,000 and that St. John Township's levy would be increased by \$25,000.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Calumet Township in Lake County; Town of Griffith; Other civil taxing units and school corporations in Lake County.

Information Sources: LSA Property Tax Database; Local Government Database.

Fiscal Analyst: Bob Sigalow, 317-232-9859.

Estimated Change in Net Revenue

Taxing Unit	Net Revenue	
	2015	2016
Lake County	37,181	36,777
Calumet Township	-730,697	-727,998
St. John Township	23,593	23,776
Gary Civil City	-412,149	-409,656
Crown Point Civil City	1	1
Lake Station Civil City	-770	-773
Griffith Civil Town	218,839	217,037
Dyer Civil Town	25	11
St. John Civil Town	8	6
Schererville Civil Town	4	3
Lake Central School Corp	30	18
Lake Ridge School Corp	-19,257	-19,687
Lake Station School Corp	-316	-323
Gary Community School Corp	-165,297	-167,482
Griffith Public School Corp	138,506	139,193
Gary Public Library	-40,252	-39,981
Lake County Public Library	16,914	16,752
Gary Airport	-10,074	-10,033
Gary Redevelopment	-1,558	-1,546
Gary Public Transportation	-22,504	-22,380
Lake Ridge Fire Protection	-3,308	-3,287
Town Of Dyer Sanitary Dist	3	1
Lake County Solid Waste Mgt Dist	1,491	1,471
Gary Storm Water Management	-6,230	-6,189
Total All Units	-975,817	-974,289
TIF (By Taxing District)		
45003_Gary Corp Cal Twp Lake Ridge Sch	187	188
45004_Gary Corp Cal Twp Gary Sch	164	1,452
45006_Griffith Corp Calumet Twp	-37,891	-37,760
Total TIF	-37,540	-36,120
Grand Total	-1,013,357	-1,010,409