



February 8, 2013

HOUSE BILL No. 1585

DIGEST OF HB 1585 (Updated February 5, 2013 2:24 pm - DI 87)

Citations Affected: IC 36-1; IC 36-6.

Synopsis: Transfer of certain municipal territory. 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. 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. Specifies that if the referendum is approved and the municipality submits a petition to one or more adjacent townships requesting the adjacent township to accept the transfer of the territory, but no adjacent township adopts a resolution within one year after receiving a petition, all of the territory of the municipality is no longer included as part of any township, and township powers and duties are transferred to the municipality, to be administered and performed in the manner specified by ordinance of the legislative body of the municipality.

Effective: July 1, 2013.

Slager, Torr, Candelaria Reardon

January 23, 2013, read first time and referred to Committee on Government and Regulatory Reform.
February 7, 2013, amended, reported — Do Pass.

HB 1585—LS 7449/DI 73+



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February 8, 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.

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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 36-1-1.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]:
4 **Chapter 1.5. Transfer of Municipal Territory to an Adjacent**
5 **Township**
6 **Sec. 1. This chapter does not apply to a county having a**
7 **consolidated city.**
8 **Sec. 2. As used in this chapter, "eligible municipality" means a**
9 **municipality that:**
10 **(1) includes any territory located in a township for which the**
11 **average of the township assistance property tax rates for the**
12 **preceding four (4) years is equal to at least:**
13 **(A) the statewide average township assistance property tax**
14 **rate for the preceding four (4) years (as determined by the**
15 **department of local government finance); multiplied by**
16 **(B) fifteen (15); and**
17 **(2) is adjacent to one (1) or more townships other than the**

HB 1585—LS 7449/DI 73+



1 township described in subdivision (1).
 2 Sec. 3. As used in this chapter, "township assistance property
 3 tax rate" means the property tax rate imposed for the payment of
 4 township assistance.
 5 Sec. 4. As used in this chapter, "transferor township" means a
 6 township described in section 2(1) of this chapter.
 7 Sec. 5. This chapter does not prohibit the:
 8 (1) reorganization; or
 9 (2) alteration of the boundaries;
 10 of one (1) or more townships under any other law.
 11 Sec. 6. The territory of an eligible municipality that is located in
 12 a transferor township may be transferred from the transferor
 13 township to an adjacent township within the county as provided in
 14 this chapter.
 15 Sec. 7. The voters of an eligible municipality may file a petition
 16 with the clerk of the eligible municipality to have a public question
 17 placed on the ballot under section 8 of this chapter to allow voters
 18 to vote on whether the territory of the eligible municipality should
 19 be transferred to an adjacent township within the county. A
 20 petition under this section must be signed by at least the number of
 21 voters equal to thirty percent (30%) of the votes cast in the eligible
 22 municipality in the last election for secretary of state.
 23 Sec. 8. The following apply if the voters of an eligible
 24 municipality file a sufficient petition under section 7 of this
 25 chapter:
 26 (1) The clerk of the eligible municipality shall certify the
 27 petition to the county election board.
 28 (2) A special election on the public question shall be held in
 29 the eligible municipality in the manner prescribed by
 30 IC 3-10-8-6. The special election shall be held on a date that:
 31 (A) is determined by the legislative body of the eligible
 32 municipality; and
 33 (B) is not more than one (1) year after the date on which
 34 the clerk of the eligible municipality certifies the petition
 35 to the county election board.
 36 (3) The clerk of the eligible municipality shall give notice of
 37 the special election by publication in the manner prescribed
 38 by IC 5-3-1.
 39 (4) The eligible municipality shall pay the costs of holding the
 40 special election.
 41 (5) The county election board shall place the following
 42 question on the ballot in the eligible municipality:

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"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 the one (1) year period 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 township 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 the one (1) year after the special election, but a resolution accepting the transfer of the territory of the eligible township 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

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1 which the last legislative body of a township receives such a
2 petition, section 14 of this chapter applies to the eligible
3 municipality.

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

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

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

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

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

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

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

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

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

41 (b) Except as provided in subsection (c), if the indebtedness
42 consists of outstanding unpaid bonds or notes of the transferor

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

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

18 (1) The township to which the territory is transferred is not
 19 liable for and is not required to pay any part of that
 20 indebtedness.

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

23 (3) The territory that is transferred does not constitute a
 24 special taxing district for purposes of paying any part of that
 25 indebtedness.

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

29 (1) transferor township; and

30 (2) township to which territory is transferred under this
 31 chapter;

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

34 Sec. 14. (a) This section applies to an eligible municipality
 35 described in section 9(3) of this chapter.

36 (b) In the case of an eligible municipality to which this section
 37 applies, the following apply after December 31 of the year in which
 38 the one (1) year period for an adjacent township to accept the
 39 transfer of territory of the eligible municipality expires:

40 (1) All of the territory of the eligible municipality is no longer
 41 included as part of any township.

42 (2) The powers and duties of townships are transferred to the

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1 eligible municipality, to be administered and performed in the
 2 manner specified by ordinance of the legislative body of the
 3 eligible municipality.

4 (3) A township may not exercise the powers and duties of the
 5 township within the eligible municipality.

6 (4) The executive of the eligible municipality shall exercise the
 7 powers and duties of the township trustee.

8 (5) The legislative and fiscal body of the eligible municipality
 9 shall exercise the powers and duties of the township board.

10 (6) Except as specifically provided, none of the:

- 11 (A) assets;
- 12 (B) property rights;
- 13 (C) equipment;
- 14 (D) records; and
- 15 (E) contracts;

16 of the township are transferred to the eligible municipality.

17 (7) Any reference in the Indiana Code or the Indiana
 18 Administrative Code:

- 19 (A) to a township shall be considered a reference to the
 20 eligible municipality;
- 21 (B) to the township board shall be considered a reference
 22 to the fiscal body of the eligible municipality; and
- 23 (C) to the township trustee shall be considered a reference
 24 to the executive of the eligible municipality.

25 (c) Except as provided in subsection (d), if a township that
 26 formerly contained territory of the eligible municipality is indebted
 27 or has outstanding unpaid bonds or other obligations at the time
 28 the transfer is effective, the eligible municipality is liable for and
 29 shall pay that indebtedness in the same ratio as the assessed
 30 valuation of the property in the territory that was formerly in the
 31 township bears to the assessed valuation of all property in that
 32 township, as determined for the last assessment date preceding the
 33 date on which the territory of the eligible municipality is no longer
 34 included as part of any township. If the indebtedness consists of
 35 outstanding unpaid bonds or notes of the township, the payments
 36 to the township shall be made as the principal or interest on the
 37 bonds or notes becomes due. Except as provided in subsection (d),
 38 the eligible municipality may impose property taxes to pay the
 39 outstanding indebtedness only within the territory that was
 40 formerly in the township, and that territory constitutes a special
 41 taxing district for purposes of paying the outstanding indebtedness.
 42 The department of local government finance shall determine the



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1 amount of outstanding indebtedness, if any, for which taxpayers of
2 the eligible municipality remain liable under this subsection.

3 (d) Beginning on the date in which the territory of the eligible
4 municipality is no longer included as part of any township under
5 this section, the following apply to debt incurred by a transferor
6 township during the period beginning one (1) year before the date
7 on which a petition is filed with the clerk of the eligible
8 municipality under section 7 of this chapter and ending on the date
9 in which the territory of the eligible municipality is no longer
10 included as part of any township:

11 (1) The eligible municipality is not liable for and is not
12 required to pay any part of that indebtedness.

13 (2) A property tax may not be imposed on the taxpayers of the
14 eligible municipality to pay any part of that indebtedness.

15 (3) The territory of the eligible municipality does not
16 constitute a special taxing district for purposes of paying any
17 part of that indebtedness.

18 (e) The department of local government finance shall adjust the
19 maximum permissible ad valorem property tax levies of:

20 (1) the eligible municipality; and

21 (2) each township that formerly contained territory of the
22 eligible municipality;

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

25 **Sec. 15. A transfer of territory under this chapter may not take**
26 **effect during the year preceding a year in which a federal decennial**
27 **census is conducted. A transfer of territory under this chapter that**
28 **would otherwise take effect during the year preceding a year in**
29 **which a federal decennial census is conducted takes effect January**
30 **2 of the year in which the federal decennial census is conducted.**

31 SECTION 2. IC 36-6-1-6 IS AMENDED TO READ AS FOLLOWS
32 [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) **This section does not apply**
33 **to a township that is altered under IC 36-1-1.5.**

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

36 (1) a surface area of at least twelve (12) square miles and an
37 assessed valuation of at least two million dollars (\$2,000,000); or

38 (2) a surface area of at least twenty-four (24) square miles;

39 unless it was created or altered under section 3 of this chapter.

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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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