



Reprinted  
February 12, 2013

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## HOUSE BILL No. 1585

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DIGEST OF HB 1585 (Updated February 11, 2013 3:37 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. 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:** July 1, 2013.

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### Slager, Torr, Candelaria Reardon

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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.

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HB 1585—LS 7449/DI 73+



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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.

## 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

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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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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 the 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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1 date before the transfer.

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

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

21 (1) The township to which the territory is transferred is not  
22 liable for and is not required to pay any part of that  
23 indebtedness.

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

26 (3) The territory that is transferred does not constitute a  
27 special taxing district for purposes of paying any part of that  
28 indebtedness.

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

32 (1) transferor township; and

33 (2) township to which territory is transferred under this  
34 chapter;

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

37 **Sec. 14.** A transfer of territory under this chapter may not take  
38 effect during the year preceding a year in which a federal decennial  
39 census is conducted. A transfer of territory under this chapter that  
40 would otherwise take effect during the year preceding a year in  
41 which a federal decennial census is conducted takes effect January  
42 2 of the year in which the federal decennial census is conducted.



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

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

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

8 (2) a surface area of at least twenty-four (24) square miles;  
9 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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 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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