CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 459

Citations Affected: IC 6-1.1-18.5-10.4; IC 36-1; IC 36-1.5; IC 36-6-1.5; IC 36-7-14-3.7; IC 36-8-19-8.5.

Synopsis: CONFERENCE COMMITTEE REPORT FOR ESB 459. Local government reorganization. Specifies that after a local government reorganization, a reorganized political subdivision may (except as provided in the plan of reorganization) do any of the following: (1) Establish any fund that one or more of the reorganizing political subdivisions were authorized to establish before the reorganization. (2) Impose any tax levy or adopt any tax that one or more of the reorganizing political subdivisions were authorized to impose or adopt before the reorganization. Provides that in the case of: (1) a local government reorganization; (2) a township merger; (3) a transfer or sharing of powers, duties, functions, or resources under an interlocal cooperation agreement; or (4) a combination or reorganization of a political subdivision's departments, agencies, or functions; the reorganizing or merging local governments shall specify in the reorganization plan or in the cooperative agreement or other agreement the amount (if any) of the decrease that the department of local government finance (DLGF) shall make to the maximum property tax levies, maximum property tax rates, and budgets of the political subdivision to eliminate double taxation or eliminate any excess by which the amount of property taxes imposed by the political subdivision exceeds the amount necessary to pay for services. Provides the following regarding a township that merges with another township: (1) The new township may use any funds that are not needed to deliver services to pay the indebtedness of the new township government. (2) After satisfaction of the indebtedness, the new township may do the following with any remaining excess funds: (A) Transfer the funds to the county or a municipality having jurisdiction within the new township to make improvements to infrastructure located within the new township. (B) Transfer the funds to a transportation corporation that offers service within the area of the new township for use within the new township. (C) Use the funds for improvement of fire services within the new township. (D) Transfer the funds to a political subdivision that has jurisdiction within the new township for improvement of any fire department that provides service within the area of the new township. Provides that in the case of a government reorganization that involves one or more municipalities and one or more townships, all of which are participating units in a fire protection territory on the date the reorganization is approved by voters, the fiscal body of the reorganized political subdivision that

results from a reorganization may establish an equipment replacement fund under the fire protection territory law and impose a property tax for the fund and take any other action under the fire protection territory law that may be taken by a participating unit in a fire protection territory. Specifies that the requirements and procedures in the statute governing the establishment of a cumulative fund and the imposing or increasing of a property tax rate for a cumulative fund also apply to an equipment replacement fund established for a fire protection territory. Requires the DLGF to assist township mergers and prohibits the DLGF from preventing or delaying township mergers. Removes the requirement that a county legislative body adopt an ordinance ordering a township merger after the legislative bodies of the merging townships adopt resolutions approving the merger. Removes provisions that prohibit a merger from being approved less than one year before the merger becomes effective. Provides that a township merger may reduce the term of office of a township trustee. **(This conference committee report: (1) deletes the provisions that would allow townships in a county having a consolidated city to merge under the township merger statutes; (2) reconciles a conflict between ESB 459 and SEA 343; and (3) provides that a definition of "development area" used in a new section of the redevelopment law applies only within that new section, rather than throughout the entire chapter of the redevelopment law.)**

Effective: Upon passage; July 1, 2013.

Adopted	Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 459 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 6-1.1-18.5-10.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10.4. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a township or a fire protection district under IC 36-8-14.

(b) For purposes of computing the ad valorem property tax levy limit imposed on a township or a fire protection district under section 3 of this chapter, the township's or the fire protection district's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under IC 36-8-14.

(c) In the case of a reorganization under IC 36-1.5 that includes a township and another political subdivision:

(1) the ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to any of the ad valorem property taxes imposed by the reorganized political subdivision under IC 36-8-14; and

(2) for purposes of computing the ad valorem property tax levy limit imposed on the reorganized political subdivision under section 3 of this chapter, the reorganized political subdivision's ad valorem property tax levy for a particular calendar year does not include any part of the levy imposed

under IC 36-8-14;

notwithstanding section 9.8 of this chapter.

SECTION 2. IC 36-1-7-16, AS ADDED BY P.L.58-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 16. (a) This section applies to a political subdivision if:

(1) the political subdivision enters into an agreement with one (1) or more other political subdivisions under this chapter to transfer, combine, or share powers, duties, functions, or resources; **and**

(2) the political subdivision realizes through the transfer, combination, or sharing of powers, duties, functions, or resources a:

(A) savings; or

(B) reduction in the reasonably foreseeable expenses that would otherwise have been incurred by the political subdivision if the transfer, combination, or sharing of powers, duties, functions, or resources had not taken place. ~~and~~

~~(3) the department of local government finance will otherwise decrease the maximum permissible property tax levies, maximum permissible property tax rates, or budgets of the political subdivision to:~~

~~(A) eliminate double taxation by different political subdivisions for services; or~~

~~(B) eliminate any excess by which the amount of property taxes imposed by the political subdivision exceeds the amount necessary to pay for services.~~

(b) The **political subdivision shall specify in the agreement described in subsection (a) the amount (if any) of the decrease that the** department of local government finance shall ~~establish criteria for making an adjustment~~ **make** to the maximum permissible property tax levies, maximum permissible property tax rates, and budgets under IC 6-1.1-17 and IC 6-1.1-18.5 of ~~a~~ **the** political subdivision ~~described in subsection (a).~~ **to:**

(1) eliminate double taxation by different political subdivisions for services; or

(2) eliminate any excess by which the amount of property taxes imposed by the political subdivision exceeds the amount necessary to pay for services.

~~(c) The adjustment under subsection (b) must permit the political subdivision to continue to:~~

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

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

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

~~(1) the savings or reduction in expenses realized in the first full year of operation after the transfer, combination, or sharing of powers, duties, functions, or resources is implemented, as determined by the department of local government finance, multiplied by~~

~~(2) a percentage determined as follows:~~

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

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

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

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

(c) The fiscal body of the political subdivision shall determine and certify to the department of local government finance the amount of the adjustment ~~that the political subdivision wishes to accept under this section.~~ **(if any) to be made under subsection (b).** The amount of ~~any adjustment accepted by a political subdivision~~ **the adjustment (if any) to be made** under ~~this section~~ **subsection (b)** must comply with the agreement under this chapter under which the political subdivision transfers, combines, or shares powers, duties, functions, or resources.

SECTION 3. IC 36-1-8-17, AS ADDED BY P.L.58-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 17. (a) This section applies to a political subdivision if:

(1) the political subdivision combines or reorganizes a department, agency, or function of the political subdivision; **and**

(2) the political subdivision realizes through the combination or reorganization a:

(A) savings; or

(B) reduction in the reasonably foreseeable expenses that would otherwise have been incurred by the political subdivision if the combination or reorganization had not taken place. ~~and~~

~~(3) the department of local government finance will otherwise decrease the maximum permissible property tax levies, maximum permissible property tax rates, or budgets of the political subdivision to:~~

~~(A) eliminate double taxation; or~~

~~(B) eliminate any excess by which the amount of property taxes imposed by the political subdivision exceeds the amount necessary to pay for services.~~

(b) The **fiscal body of a political subdivision shall specify by resolution the amount (if any) of the decrease that the** department of local government finance shall ~~establish criteria for making an adjustment~~ **make** to the maximum permissible property tax levies, maximum permissible property tax rates, and budgets under IC 6-1.1-17 and IC 6-1.1-18.5 of a political subdivision described in subsection (a) **to:**

(1) eliminate double taxation by different political subdivisions for services; or

(2) eliminate any excess by which the amount of property

taxes imposed by the political subdivision exceeds the amount necessary to pay for services.

~~(c) The adjustment under subsection (b) must permit the political subdivision to continue to:~~

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

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

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

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

~~(2) a percentage determined as follows:~~

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

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

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

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

(c) The fiscal body of the political subdivision shall determine and certify to the department of local government finance the amount of the adjustment ~~that the political subdivision wishes to accept under this section.~~ **(if any) to be made under subsection (b).**

SECTION 4. IC 36-1.5-1-4, AS ADDED BY P.L.186-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. A political subdivision:

(1) may exercise the powers granted under this article to reorganize or enter into cooperative agreements without complying with the provisions of any other law, statute, or rule; **and**

(2) may, after the reorganization, exercise any power described in IC 36-1.5-4-38.

SECTION 5. IC 36-1.5-1-6, AS ADDED BY P.L.186-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. Except as otherwise specifically provided by law, to the extent the provisions of this article are inconsistent with the provisions of any other general, special, or local law, the provisions of this article are controlling, and compliance with this article shall be treated as compliance with the conflicting law. **However, after the reorganization, the reorganized political subdivision may exercise any power described in IC 36-1.5-4-38.**

SECTION 6. IC 36-1.5-3-4, AS ADDED BY P.L.186-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. **(a)** Subject to this chapter, the department of local government finance shall adjust the maximum permissible

property tax levies, maximum permissible property tax rates, and budgets of political subdivisions that enter into a reorganization under this article as ~~the department of local government finance determines necessary to~~ **provided in section 5 of this chapter.**

(b) Upon the termination of a reorganization under this chapter, the department of local government finance shall adjust the maximum permissible property tax levies, maximum permissible property tax rates, and budgets of political subdivisions terminating the reorganization to do the following:

~~(1) Eliminate double taxation by different political subdivisions for services or goods provided under this article.~~

~~(2) Eliminate any excess by which the amount of property taxes imposed by a political subdivision exceeds the amount necessary to pay for services or goods provided under this article.~~

~~(3)~~ **(1)** Restore taxing powers of a political subdivision after the termination of a reorganization under this article that are necessary to fund governmental services to the individuals and entities served by the political subdivision.

~~(4)~~ **(2)** Restore taxing powers of a political subdivision after the withdrawal of a party from a reorganization under this article that are necessary to fund governmental services to the individuals and entities served by the political subdivision.

SECTION 7. IC 36-1.5-3-5, AS AMENDED BY P.L.58-2011, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) ~~The department of local government finance shall establish criteria for making an adjustment to the maximum permissible property tax levies, maximum permissible property tax rates, and budgets under IC 6-1.1-17 and IC 6-1.1-18.5 if a political subdivision (or a successor political subdivision) realizes through a reorganization under this article, including a reorganization through a cooperative agreement under IC 36-1.5-5, a: (1) savings; or (2) reduction in the reasonably foreseeable expenses that would otherwise have been incurred by the political subdivision if the reorganization had not taken place.~~ **The plan of reorganization must specify the amount (if any) of the decrease that the department of local government finance shall make to the maximum permissible property tax levies, maximum permissible property tax rates, and budgets under IC 6-1.1-17 and IC 6-1.1-18.5 of the reorganized political subdivision to:**

(1) eliminate double taxation for services or goods provided by the reorganized political subdivision; or

(2) eliminate any excess by which the amount of property taxes imposed by the reorganized political subdivision exceeds the amount necessary to pay for services or goods provided under this article.

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

~~(1) include in the political subdivision's budget part of the budgeted amounts that would otherwise be reduced by the department of local government finance under section 4 of this chapter on account of the realized savings or reduction in~~

~~expenses that occurs because of the reorganization; and~~

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

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

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

~~(2) a percentage determined as follows:~~

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

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

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

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

(b) The fiscal body of the **reorganized** political subdivision shall determine and certify to the department of local government finance the amount of the adjustment ~~that the political subdivision wishes to accept~~ **(if any)** under ~~this section.~~ **subsection (a).**

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

SECTION 8. IC 36-1.5-4-34.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 34.5. (a) This section applies to a reorganization under this chapter that:**

(1) occurs after June 30, 2006; and

(2) involves one (1) or more municipalities and one (1) or more townships, all of which are participating units in a fire protection territory on the date the reorganization is approved by voters.

(b) The fiscal body of a reorganized political subdivision that results from a reorganization described in subsection (a) may:

(1) establish an equipment replacement fund under IC 36-8-19-8.5 and impose a property tax for the fund as provided in IC 36-8-19-8.5; and

(2) take any other action under IC 36-8-19-8.5 that may be taken under that section by a participating unit in a fire protection territory.

(c) If a reorganized political subdivision establishes an equipment replacement fund under IC 36-8-19-8.5 as authorized by this section, the department of local government finance may adjust the maximum permissible ad valorem property tax levy that would otherwise apply to the reorganized political subdivision in the same manner in which the department may adjust the maximum permissible ad valorem property tax levy of a civil taxing unit under IC 6-1.1-18.5-10.5 to meet the civil taxing unit's obligations to a fire protection territory established under

IC 36-8-19.

SECTION 9. IC 36-1.5-4-38, AS AMENDED BY SEA 343-2013, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 38. (a) A reorganized political subdivision has the powers granted by statute to a political subdivision of the same type as the reorganized political subdivision, **including a power described in subsection (b).** However, if authorized by the plan of reorganization approved by the voters in a public question under this chapter, the reorganized political subdivision will exercise a power or have the officers or number of offices that a statute would have permitted any of the reorganizing political subdivisions to have.

(b) Except as provided in the plan of reorganization, a reorganized political subdivision may also do any of the following:

(1) Establish any fund that one (1) or more of the reorganizing political subdivisions (either acting on its own or jointly with another political subdivision) were authorized to establish before the reorganization.

(2) Impose any tax levy or adopt any tax that one (1) or more of the reorganizing political subdivisions were authorized to impose or adopt before the reorganization.

~~(b)~~ **(c)** This subsection applies to reorganizations approved by voters after June 30, 2013. Notwithstanding subsection (a), if:

(1) a first political subdivision is located in whole or in part within one (1) or more other political subdivisions that reorganize under this article; and

(2) the first political subdivision does not participate in or does not approve the reorganization;

the reorganization does not affect the rights, powers, and duties of the first political subdivision, and the reorganized political subdivision may not exercise within the first political subdivision any right, power, or duty unless that right, power, or duty was exercised within the first political subdivision before the reorganization by at least one (1) of the reorganizing political subdivisions.

SECTION 10. IC 36-1.5-4-40.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 40.5. The following apply in the case of a reorganization under this article that includes a township and another political subdivision:**

(1) If the township borrowed money from a township fund under IC 36-6-6-14(c) to pay the operating expenses of the township fire department or a volunteer fire department before the reorganization:

(A) the reorganized political subdivision is not required to repay the entire loan during the following year; and

(B) the reorganized political subdivision may repay the loan in installments during the following five (5) years.

(2) Except as provided in subdivision (3):

(A) the reorganized political subdivision continues to be responsible after the reorganization for providing township services in all areas of the township, including within the territory of a municipality in the township that

does not participate in the reorganization; and

(B) the reorganized political subdivision retains the powers of a township after the reorganization in order to provide township services as required by clause (A).

(3) Powers and duties of the reorganized political subdivision may be transferred as authorized in an interlocal cooperation agreement approved under IC 36-1-7 or as authorized in a cooperative agreement approved under IC 36-1.5-5.

(4) If all or part of a municipality in the township is not participating in the reorganization, not less than ten (10) township taxpayers who reside within territory that is not participating in the reorganization may file a petition with the county auditor protesting the reorganized political subdivision's township assistance levy. The petition must be filed not more than thirty (30) days after the reorganized political subdivision finally adopts the reorganized political subdivision's township assistance levy. The petition must state the taxpayers' objections and the reasons why the taxpayers believe the reorganized political subdivision's township assistance levy is excessive or unnecessary. The county auditor shall immediately certify a copy of the petition, together with other data necessary to present the questions involved, to the department of local government finance. Upon receipt of the certified petition and other data, the department of local government finance shall fix a time and place for the hearing of the matter. The hearing shall be held not less than five (5) days and not more than thirty (30) days after the receipt of the certified documents. The hearing shall be held in the county where the petition arose. Notice of the hearing shall be given by the department of local government finance to the reorganized political subdivision and to the first ten (10) taxpayer petitioners listed on the petition by letter. The letter shall be sent to the first ten (10) taxpayer petitioners at the taxpayers' usual place of residence at least five (5) days before the date of the hearing. After the hearing, the department of local government finance may reduce the reorganized political subdivision's township assistance levy to the extent that the levy is excessive or unnecessary. A taxpayer who signed a petition under this subdivision or a reorganized political subdivision against which a petition under this subdivision is filed may petition for judicial review of the final determination of the department of local government finance under this subdivision. The petition must be filed in the tax court not more than forty-five (45) days after the date of the department of local government finance's final determination.

(5) Section 40 of this chapter applies to the debt service levy of the reorganized political subdivision and to the department of local government finance's determination of the new maximum permissible ad valorem property tax levy for the reorganized political subdivision.

(6) The reorganized political subdivision may not borrow money under IC 36-6-6-14(b) or IC 36-6-6-14(c).

(7) The new maximum permissible ad valorem property tax levy for the reorganized political subdivision's firefighting fund under IC 36-8-13-4 is equal to:

(A) the result of:

(i) the maximum permissible ad valorem property tax levy for the township's firefighting fund under IC 36-8-13-4 in the year preceding the year in which the reorganization is effective; multiplied by

(ii) the assessed value growth quotient applicable for property taxes first due and payable in the year in which the reorganization is effective; plus

(B) any amounts borrowed by the township under IC 36-6-6-14(b) or IC 36-6-6-14(c) in the year preceding the year in which the reorganization is effective.

SECTION 11. IC 36-6-1.5-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 1.5. (a) All of the following apply to a township that merges with another township under this chapter:**

(1) Notwithstanding any other law, the new township government may use any funds in excess of what the new township government determines is necessary to deliver effective service to pay the indebtedness of the new township government, including bonds and other indebtedness transferred to the new township government under section 8 of this chapter.

(2) Notwithstanding any other law, after the indebtedness described in subdivision (1) is satisfied, the new township government may do the following with any remaining excess funds:

(A) Transfer the funds to:

(i) the county in which the new township government is located; or

(ii) a municipality that has jurisdiction;

to make improvements to infrastructure located within the area of the new township government.

(B) Transfer the funds to a transportation corporation that offers service within the area of the new township government to pay for, or make improvements to, services within the area of the new township government.

(C) Use the funds for improvement of fire protection services within the area of the new township government.

(D) Transfer the funds to a political subdivision that has jurisdiction within the new township government for improvement of any fire department that provides service within the area of the new township government.

(b) Notwithstanding any other law, the department of local government finance shall take any and all appropriate action to assist townships in merging under this chapter and may not in any

manner delay a merger of townships or prevent a merger of townships.

(c) This section shall be liberally construed to effect the purposes of this section.

(d) Notwithstanding any other law, to the extent the provisions of this chapter are inconsistent with the provisions of any other law, the provisions of this chapter are controlling, and compliance with this chapter shall be treated as compliance with the conflicting law.

SECTION 12. IC 36-6-1.5-5, AS ADDED BY P.L.240-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) The township trustees, with the approval of a majority of the members of the township legislative body of each township that wants to merge township governments under this chapter, must comply with this section.

(b) The township trustees must present identical resolutions approving the township government merger to the trustees' respective township legislative bodies. A township legislative body may adopt a resolution under this chapter only after the legislative body has held a public hearing concerning the proposed merger. The township legislative body shall hold the hearing not earlier than thirty (30) days after the date the resolution is introduced. The hearing shall be conducted in accordance with IC 5-14-1.5 and notice of the hearing shall be published in accordance with IC 5-3-1.

(c) The township legislative bodies may adopt the identical resolutions approving the township government merger under this chapter not later than ninety (90) days after the legislative body has held the public hearing under subsection (b). ~~The townships shall submit the resolutions to the county legislative body of the county within which the townships are located.~~

(d) The ~~county legislative body of the county where the township governments are located must: (1) adopt an ordinance ordering the merger; and (2)~~ **trustees of the participating townships shall jointly** file a copy of the ~~ordinance~~ **identical resolutions** with:

(1) the department of local government finance;

~~(A)~~ **(2)** the circuit court clerk; and

~~(B)~~ **(3)** the office of the secretary of state.

(e) ~~The county~~ **A township** legislative body may not adopt ~~an ordinance~~ **a resolution** ordering a merger after January 1 of a year in which:

(1) a general election is held; and

(2) a township trustee is elected.

~~(f) The county legislative body may not adopt an ordinance merging township governments less than one (1) year before the merger becomes effective.~~

~~(g)~~ **(f)** A merger under this chapter may ~~not~~ reduce the term of a township trustee of a former township government.

SECTION 13. IC 36-6-1.5-6, AS ADDED BY P.L.240-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. The merger becomes effective ~~when the~~

~~officers of the new township government are elected and qualified.~~ **on January 1 of the year following the adoption of the resolution approving the merger of the townships.** An officer elected to represent the merged township government shall be considered to be a resident of the territory comprising the new township government unless the township merger is dissolved under IC 36-6-1.6.

SECTION 14. IC 36-6-1.5-12, AS AMENDED BY P.L.58-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 12. (a) Subject to subsection (b), the officers of the new township government shall:

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

(A) a budget;

(B) an ad valorem property tax levy; and

(C) a property tax rate;

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

(3) impose a property tax levy; and

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

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

(b) The **resolutions approving the township government merger under this chapter must specify the amount (if any) of the decrease that the** department of local government finance shall ~~establish criteria for making an adjustment~~ **make** to the maximum permissible property tax levies, maximum permissible property tax rates, and budgets under IC 6-1.1-17 and IC 6-1.1-18.5 ~~if~~ **of** the new township ~~realizes through a merger under this chapter a:~~ **to:**

~~(1) savings; or~~

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

(1) eliminate double taxation for services or goods provided by the new township; or

(2) eliminate any excess by which the amount of property taxes imposed by the new township exceeds the amount necessary to pay for services or goods provided under this article.

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

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

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

~~(d) The additional amount that a political subdivision may continue to levy or include in the political subdivision's budget because of the~~

~~adjustment under subsection (b) may not exceed the result of:~~

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

~~(2) a percentage determined as follows:~~

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

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

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

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

(c) The fiscal body of the new township shall determine and certify to the department of local government finance the amount of the adjustment ~~that the new township wishes to accept~~ **(if any)** under ~~this section.~~ **subsection (b). The amount of the adjustment (if any) to be made under subsection (b) must comply with the resolutions approving the township government merger.**

SECTION 15. IC 36-7-14-3.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.7. (a) As used in this section, "development area" means a redevelopment project area, economic development area, or urban renewal project area established under this chapter.**

(b) The jurisdiction and control over a development area established by the redevelopment commission of a first municipality may be transferred from that redevelopment commission to the redevelopment commission of a second, adjacent municipality if:

(1) the owners of one hundred percent (100%) of the real property in the development area consent to the transfer;

(2) the fiscal body of the first municipality and the fiscal body of the second, adjacent municipality:

(A) adopt or have adopted:

(i) substantially similar ordinances; or

(ii) an interlocal agreement;

consenting to the transfer of the jurisdiction and control over the development area; and

(B) agree or have agreed to transfer the geographic territory comprising the development area from the first municipality to the second, adjacent municipality through disannexation, interlocal agreement, or any other legal means;

(3) no tax increment from an allocation area within the development area has been pledged for the payment of bonds or the payment of lease rentals; and

(4) either the first municipality or the second, adjacent municipality has before the date of the transfer completed a reorganization under IC 36-1.5.

(c) If the requirements of subsection (b) are satisfied:

(1) the jurisdiction and control over the development area is transferred without any other action required from the fiscal bodies, the redevelopment commissions, or the plan

commissions of the municipalities or from any other state or local entity;

(2) the development area is thereafter part of the territory that is under the jurisdiction and control of the redevelopment commission of the second, adjacent municipality;

(3) the development area or the redevelopment plan may be altered or amended by the second, adjacent municipality and the redevelopment commission of the second, adjacent municipality as otherwise provided in this chapter; and

(4) any property taxes collected within the development area that were payable to the first municipality, to any taxing district of the first municipality, or to the redevelopment commission of the first municipality shall after the transfer be payable to the second, adjacent municipality, to the taxing districts of the second, adjacent municipality, or to the redevelopment commission of the second, adjacent municipality, as appropriate.

(d) If, before January 1, 2013, the redevelopment commission of the first municipality has entered into an agreement to reimburse a person or political subdivision for infrastructure improvements from tax increments from an allocation area within the development area, the obligation to make the reimbursement is transferred to the redevelopment commission of the second, adjacent municipality upon the effective date of the transfer of the jurisdiction and control over the development area.

(e) The authority to transfer the jurisdiction and control over a development area as provided in this section expires December 31, 2013.

SECTION 16. IC 36-8-19-8.5, AS AMENDED BY P.L.47-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.5. (a) Participating units may agree to establish an equipment replacement fund under this section to be used to purchase fire protection equipment, including housing, that will be used to serve the entire territory. To establish the fund, the legislative bodies of each participating unit must adopt an ordinance (if the unit is a county or municipality) or a resolution (if the unit is a township), **and** ~~that meets~~ the following requirements **must be met:**

(1) The ordinance or resolution is identical to the ordinances and resolutions adopted by the other participating units under this section.

~~(2) The ordinance or resolution is adopted after January 1 but before April 1.~~

(2) Before adopting the ordinance or resolution, each participating unit must comply with the notice and hearing requirements of IC 6-1.1-41-3.

(3) The ordinance or resolution authorizes the provider unit to establish the fund.

(4) The ordinance or resolution includes at least the following:

(A) The name of each participating unit and the provider unit.

(B) An agreement to impose a uniform tax rate upon all of the

taxable property within the territory for the equipment replacement fund.

(C) The contents of the agreement to establish the fund.

An ordinance or a resolution adopted under this section takes effect ~~July 1 of the year the ordinance or resolution is adopted.~~ **as provided in IC 6-1.1-41.**

(b) If a fund is established, the participating units may agree to:

(1) impose a property tax to provide for the accumulation of money in the fund to purchase fire protection equipment;

(2) incur debt to purchase fire protection equipment and impose a property tax to retire the loan; or

(3) transfer an amount from the fire protection territory fund to the fire equipment replacement fund not to exceed five percent (5%) of the levy for the fire protection territory fund for that year;

or any combination of these options. The property tax rate for the levy imposed under this section may not exceed three and thirty-three hundredths cents ($0.0333) per one hundred dollars ($100) of assessed value. Before debt may be incurred, the fiscal body of a participating unit must adopt an ordinance (if the unit is a county or municipality) or a resolution (if the unit is a township) that specifies the amount and purpose of the debt. The ordinance or resolution must be identical to the other ordinances and resolutions adopted by the participating units. In addition, the department of local government finance must approve the incurrence of the debt using the same standards as applied to the incurrence of debt by civil taxing units.

(c) Money in the fund may be used by the provider unit only for those purposes set forth in the agreement among the participating units that permits the establishment of the fund.

(d) The requirements and procedures specified in IC 6-1.1-41 concerning the establishment or reestablishment of a cumulative fund, the imposing of a property tax for a cumulative fund, and the increasing of a property tax rate for a cumulative fund apply to:

(1) the establishment or reestablishment of a fund under this section;

(2) the imposing of a property tax for a fund under this section; and

(3) the increasing of a property tax rate for a fund under this section.

(e) Notwithstanding IC 6-1.1-18-12, if a fund established under this section is reestablished in the manner provided in IC 6-1.1-41, the property tax rate imposed for the fund in the first year after the fund is reestablished may not exceed three and thirty-three hundredths cents ($0.0333) per one hundred dollars ($100) of assessed value.

SECTION 17. **An emergency is declared for this act.**

(Reference is to ESB 459 as reprinted April 9, 2013.)

Conference Committee Report
on
Engrossed Senate Bill 459

Signed by:

Senator Miller Pete Chairperson	Representative Steuerwald
Senator Young R	Representative Bartlett
Senate Conferees	**House Conferees**