



# Department of Local Government Finance

## 2020 Legislative Overview

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June 17, 2020



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# Disclaimer

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# Agenda

- Local Budgeting Legislation
- Township Financing Legislation
- Assessment Legislation
- Deductions, Exemptions & Tax Bill Legislation
- Reporting Requirements Legislation



# Local Budgeting Legislation



# HEA 1113 - Reporting of Bonds & Leases

- Beginning with the Pay 2021 budget cycle, HEA 1113 amends the deadline for reporting new bonds or leases to the Department:

## **One (1) Month After the Date of Issuance or Execution**

- If bond is issued or lease is executed before October 1.

## **Five (5) Business Days After the Date of Issuance or Execution**

- If bond is issued or lease is executed after September 30.

*IC 5-1-18-6*



# HEA 1113 - Reporting of Debt Estimates

- Beginning with the Pay 2022 budget year, changes the date in which the fiscal officer of a political subdivision provides to the Department an estimate of its total debt obligation over the last six (6) months of the current year and in the ensuing year.
- New reporting date → June 15
  - Currently, this report is due on May1.

*IC 6-1.1-17-0.7*



# HEA 1113 – Initial Max Levies

- Requests for an initial maximum levy must be submitted to the Department no later than June 30 of the year before the first year the political subdivision or fire protection territory intends to impose a property tax levy.
- In determining the initial maximum levy for a civil taxing unit, the Department must consider the effect of the levy on the local income tax distribution for the civil taxing unit – however, this does not apply to a request for an initial maximum levy for a fire protection territory.



# HEA 1113 – Excess Levy Appeals

- IC 6-1.1-18.5-25 allows municipalities with significant growth in assessed value and population to use a growth quotient of up to six percent (6%), instead of the maximum levy growth quotient if the following are met:
  1. The percentage growth in the municipality's assessed value for the preceding year compared to the year before the preceding year is at least two (2) times the maximum levy growth quotient; and
  2. The municipality's population increased by at least 150% between the last two decennial censuses.



# HEA 1113 – Excess Levy Appeals

- HEA 1113 specifies that fast growing municipalities that receive an alternate levy growth percentage under Ind. Code § 6-1.1-18.5-25 may also be eligible for a traditional excess levy appeal under Ind. Code § 6-1.1-18.5-12.

*IC 6-1.1-18.5-12*



# HEA 1113 – Additional Appropriations

- Specifies that a political subdivision must submit an additional appropriation to the Department no later than fifteen (15) days after it has been adopted.
- If the additional appropriation is not submitted within fifteen (15) days, the Department may require the political subdivision to conduct a readoption hearing.

*IC 6-1.1-18-5*



# HEA 1113 – December Debt & Shortfall Appeals

- Beginning with the Pay 2021 budget cycle, budget ordinance submissions (Form 4) must specify whether the unit intends to:
  - (1) issue debt after December 1; or
  - (2) file a shortfall appeal
- If the unit intends to do either, the deadline for budget certification is pushed to January 15 – regardless of whether the unit actually issues debt or files a shortfall appeal.

*IC 6-1.1-17-5; IC 6-1.1-17-16*



# HEA 1113 – Budget Notices

- Beginning with the Pay 2021 budget cycle, budget notices (Form 3) must include the following information for final adoption hearings:
  - **Date**
  - **Time**
  - **Place**
- Additionally, if the date, time, or place of the final adoption subsequently changes, the unit must update this information in Gateway.

*IC 6-1.1-17-3*



# HEA 1113 – Budget Submissions & Adjustments

- For the Pay 2021 budget cycle, specifies that the Department may not consider any adjustment requested by a political subdivision in response to the 1782 Notice that is submitted more than ten (10) days after the 1782 Notice was sent.

*IC 6-1.1-17-16*



# HEA 1113 – Assessed Value Growth Quotient

**Assessed Value  
Growth Quotient  
(AVGQ)**

=

**Maximum Levy  
Growth Quotient  
(MLGQ)**



# SEA 190 – Controlled Projects

- Adds an additional exclusion to the definition of what is considered a “controlled project”. This exclusion pertains to a project for engineering, land and right-of-way acquisition, construction, resurfacing, maintenance, restoration, and rehabilitation exclusively for...

*IC 6-1.1-20-1.1*



# SEA 190 – Controlled Projects

1. Local road and street systems – including bridges that are designated as being in a local road and street system;
2. Arterial road and street systems – including bridges that are designated as being in an arterial road and street system; or
3. Any combination of local and arterial road and street systems – including designated bridges.

*IC 6-1.1-20-1.1*



# SEA 190 – Controlled Projects

- This amendment allows political subdivisions to issue bonds or enter into leases for projects described above, the costs for which are above the thresholds outlined in IC 6-1.1-20-1.1(2), without being subject to a petition/remonstrance under IC 6-1.1-20-3.2 or a referendum under IC 6-1.1-20-3.6

*IC 6-1.1-20-1.1*



# SEA 190 – Controlled Projects

- Prohibits a political subdivision that has assessed value within the same taxing district as a political subdivision undertaking a petition/remonstrance or a referendum on a controlled project from using money, employees, or facilities to promote a position on the petition/remonstrance or referendum.
- This does not prohibit a political subdivision from adopting a resolution or taking a position on a petition/remonstrance or a referendum

*IC 6-1.1-20-10; IC 6-1.1-20-10.1*



# HEA 1065 – Local Income Tax Councils

- Specifies that a local income tax council for a county with a single voting bloc must vote as a whole in order to exercise its authority to increase (but not decrease) a local income tax rate in the county.
  - *Provision will sunset on May 31, 2021.*



# HEA 1065 – Local Income Tax Councils

- Defines “county with a single voting bloc” to mean a county that has a local income tax council in which one (1) city that is a member of the local income tax council or one (1) town that is a member of the local income tax council is allocated more than fifty percent (50%) of the total votes allocated to the members of the council under Ind. Code § 6-3.6-3-6(d).

*IC 6-3.6-2-7.4*



# HEA 1065 – Local Income Tax Councils

- In counties with a single voting bloc, the total number of votes allocated for each fiscal body member of the local income tax council must be equally divided among the individuals on each fiscal body for any proposal to increase a tax rate in the county.
- Additionally, each fiscal body must take a roll call vote on resolutions or proposed ordinances, which must be transmitted to the county auditor.
  - *However, these voting requirements for local income tax councils do not apply to votes to decrease a tax rate.*



# HEA 1113 – LIT Ordinance Pre-Review

- Any unit that chooses to participate in the LIT ordinance pre-review process must submit the proposed notice, ordinance, or resolution to the Department at least thirty (30) days prior to when the unit plans to submit the official notice, adopting ordinance or resolution, and vote results on an ordinance or resolution to the Department.
- *Beginning July 1, 2020, these submissions must be made on the templates provided by the Department.*

IC 6-3.6-3-2



# HEA 1113 – LIT Ordinance Pre-Review

- In order to be effective on January 1, 2021, the last day for a fiscal body to adopt and submit local income tax changes to the Department for pre-review is October 1, 2020.
- *The Department will provide the submitting entity a written determination of the appropriateness of the notice, ordinance, or resolution, including any recommended modifications, within thirty (30) days of receipt.*

IC 6-3.6-3-2



# SEA 410 - Libraries

- Specifies the assessed value threshold for determining the appropriate fiscal body that must review a public library's budget:

Public library that has all of its assessed value entirely contained within a city or town.

→ City or Town Fiscal Body

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Public library that has > 50% of its assessed value contained within a city or town.

→ City or Town Fiscal Body

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Public library that is either: (1) cross-county; or (2) has more than 50% of its parcels contained outside of a city or town.

→ County Council of the County where Library has the Most Assessed Value

*IC 6-1.1-17-20.3*



# SEA 410 - Libraries

- Specifies that a public library may be subject to binding review if its cash balance as of December 31 for all funds derived from tax revenue is greater than one hundred fifty percent (150%) of the library's certified budget for the ensuing year.
- *The current condition for eligibility, that cash on hand plus expected revenues exceeds 150% of the public library's proposed budget, is no longer in effect.*

IC 6-1.1-17-20.4



# SEA 410 - Libraries

- A resolution to subject a public library to binding review will remain in effect until the cash balance as of December 31, reported in the public library's annual financial report pursuant to IC 5-11-1-4, for all funds derived from tax revenue no longer exceeds one hundred fifty percent (150%) of the public library's certified budget for the ensuing year.



# SEA 410 - Libraries

- By October 1, each public library must identify the applicable fiscal body to the Indiana State Library, and the report must contain:
  - Name of the public library.
  - Appropriate fiscal body to review library budget.
  - Signatures of the public library board president and the appropriate fiscal body president.

*IC 6-1.1-17-20.6*



# Local Budgeting Legislative Memos

- The following legislative memos can be found on the Department's website at:

<https://www.in.gov/dlgef/2444.htm>

1. Legislation Affecting Local Budgeting Matters.
2. Legislation Affecting Public Libraries.
3. Legislation Affecting Local Income Taxes.
4. Legislation Affecting Controlled Projects.
5. Legislation Affecting Maximum Levies & Excess Appeals.



# Township Financing Legislation



# HEA 1113 – Township Fund Transfers

- Extends the deadline for townships to transfer excess balances to September 1.
- Specifies that when a township transfers the excess balance of one fund into another fund of the township, the amount transferred will not be treated as part of the township's ad valorem property tax levy for the same calendar year in which the township plans to spend the transferred funds.
  - *i.e. The property tax levy of the township will not be reduced as a result of the transfer.*

IC 36-6-6-16



# HEA 1113 – Conflicts of Interest

- (NEW) IC 36-6-6-17 specifies that a member of the township board may not vote on the township's budget and tax levy if the member is also an immediate family member of the township trustee.



# HEA 1113 – Conflicts of Interest

- “Immediate family member” refers only to the following:
  1. A parent
  2. A sibling
  3. A spouse
  4. A child
- Also includes relations by adoption, half-blood, marriage, or remarriage.



# HEA 1113 – Conflicts of Interest

- If a majority of the township board is disqualified from voting on the township's budget and levy, the township trustee may petition the county fiscal body for an increase in the township's budget, levy, or to approve an additional appropriations.
- *If the trustee does not submit a petition to the county fiscal body, the township's budget is continued for the ensuing year.*



# HEA 1065 – Township & Fire Protection Funding

- Allows a township and a fire protection district to petition the Department to increase the property tax rate for the township firefighting fund or a fire protection district operating fund (as applicable).
- The rate increase is based on a new statutory calculation that focuses on the percentage increase in population during the ten (10) year period immediately preceding the year of the petition.



# HEA 1065 – Township & Fire Protection Funding

- The details of the property tax rate increase calculation for townships and fire protection districts is outlined in greater detail in the Department’s Memo – Legislation Affecting Township and Fire Funding
- <https://www.in.gov/dlgf/2444.htm>



# Assessment Legislation



# HEA 1113 – Industrial Facility Assessments

- For the 2021 Assessment Year, the true tax value of industrial facilities that are assessed by the Department is increased from \$25,000,000 to \$35,000,000.
  - IC 6-1.1-8.5 – Lake County Industrial Facilities.
  - IC 6-1.1-8.7 – Industrial facilities in other counties – county assessor may request that the department completes assessment.



# HEA 1113 – Industrial Facility Assessments

- For the 2021 assessment year, HEA 1113 clarifies that both township assessors and county assessors must provide support to the Department’s Assessment Field Representatives during the Department’s assessment of industrial facilities.

*IC 6-1.1-8.5-9; IC 6-1.1-8.7-6*



# HEA 1113 – Golf Course Assessments

- Clarifies the definition of “golf course” to include an area of land that is predominantly used to play the game of golf and any associated yard improvements.
- “Yard improvements” is defined to include a clubhouse, irrigation systems, a pro shop, a maintenance building, a driving range, a structure for food and beverage services, or other buildings associated with the operation of and included in the net operating income of a golf course.

*IC 6-1.1-4-42*



# HEA 1113 – Golf Course Assessments

- The assessment of golf courses will still include the income capitalization approach – however, HEA 1113 eliminates the requirement that the uniformity and equity applies to courses of “similar grade quality and play length.”
- *Currently, similar courses with dissimilar income streams may be similarly assessed, and the revised statute merely stresses that the assessments must be uniform and equal.*

IC 6-1.1-4-42



# HEA 1113 – Golf Course Assessments

- On or before December 31 of each year, local assessing officials must solicit and golf course owners are required to provide data on the gross income and allowable operating expenses for the three (3) years immediately preceding from golf course owners or operators for use in determining the overall assessed value of a golf course.

*IC 6-1.1-4-42*



# HEA 1113 – Golf Course Assessments

- To obtain the average net operating income, assessing officials must examine three (3) years of income and expense data – including the most current completed financial records and filed federal tax returns for the golf course owner as of the assessment date.

*IC 6-1.1-4-42*



# HEA 1065 – “Inventory”

- For purposes of personal property taxation, the definition of “inventory” has been revised to include “uniforms, garments, linens, and facilities services supplies owned, held, possessed, or controlled for the purpose of rental or lease in the ordinary course of trade or business.”

*IC 6-1.1-1-8.4*



# HEA 1113 – Sales Disclosure Form

- Beginning January 1, 2020, the following data points are no longer required to be included on the Sales Disclosure Form that is completed after a property transaction:
  1. Interest Rate
  2. Points
  3. Type of Loan
  4. Amount of Loan
  5. Amortization Period
  6. Personal Liability of Borrower for Repayment

*IC 6-1.1-5.5-5*



# HEA 1113 – BPP Appeal Determination Deadline

- Clarifies that a taxpayer may appeal a change in the assessed value of personal property made by the county assessor by filing an appeal with the PTABOA under IC 6-1.1-15-1.1.
- A taxpayer may appeal a change in the assessed value of personal property made by the PTABOA by filing a written notice of review with the Indiana Board of Tax Review.

*IC 6-1.1-16-1*



# HEA 1113 – BPP Appeal Determination Deadline

- *Before HEA 1113 Change...*
  - IC 6-1.1-16-1 sets a deadline of October 30 for a PTABOA to enter a final determination of a personal property assessment change made by an assessor.
  - If a final determination is not made by October 30, the taxpayer's self-reported assessment becomes final.

*IC 6-1.1-16-1*



# HEA 1113 – BPP Appeal Determination Deadline

- *Before HEA 1113 Change...*
  - Assessors had a little over five (5) months to review a personal property assessment, incorporate any necessary changes to the valuation for undervalued or omitted property, and work with the PTABOA to schedule a final determination hearing.

IC 6-1.1-16-1



# HEA 1113 – BPP Appeal Determination Deadline

- *After HEA 1113 Change...*
  - Either the county assessor or the PTABOA has until the later of October 30 or five (5) months from the personal property filing date to make a change in the reported assessed value.
  - The taxpayer – not the county assessor – has the burden to initiate an appeal for any disputed changed to the reported assessed value.

IC 6-1.1-16-1



# HEA 1065 – BPP Overpayment Refund

- If a taxpayer believes that they have over reported a personal property assessment that is discovered during the course of a personal property assessment audit and the assessing official fails to make an adjustment to correct the error, the taxpayer may:
  1. Initiate an appeal with the PTABOA for a credit; or
  2. File a claim for a refund under IC 6-1.1-26-1.1

*IC 6-1.1-9-10*



# HEA 1065 – BPP Overpayment Refund

- HEA 1065 also authorizes a taxpayer to file an appeal with the Indiana Board of Tax Review for the denial of an overpayment refund claim by the county auditor, the county assessor, or the PTABOA.

*IC 6-1.1-15-3*



# HEA 1113 – Tax Installments & Refunds

- Prior to 2020, county auditors could elect to apply large real property tax refunds of at least \$100,000 against future tax bills over a period of five (5) years or less.
- This election applied only to large refunds that resulted from appeals of real property tax assessments paid after May 1, 2015.
- However, the provisions under Ind. Code § 6-1.1-26-4.1 expired on December 31, 2019.



# HEA 1113 – Tax Installments & Refunds

- Now, county auditors have the authority to pay refunds or issue credits under a three-tiered approach...

Refunds of at least \$500,000 but less than \$5,000,000. → 5 Year Period

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Refunds of at least \$5,000,000 but less than \$10,000,000. → 7 Year Period

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Refunds of least \$10,000,000. → 10 Year Period

*IC 6-1.1-26-4.2*



# HEA 1113 – Tax Installments & Refunds

- These refund provisions will first apply to refunds for assessment dates beginning in 2015, but they will not apply if there is any refund for the property that was paid before January 1, 2020.
- If a claimant is no longer the owner of the property that was subject to the appeal, the overpayment may not be applied as a credit and the overpayment may instead be refunded in equal installments over the period of time corresponding with the refund amount.

*IC 6-1.1-26-4.2*



# Deductions, Exemptions & Tax Bill Legislation

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# SEA 280-2019 – Veterans & Over 65

- During the 2019 Legislative Session, Senate Enrolled Act 280-2019 (“SEA 280”) contained several revisions for the Over 65 Deduction, the Over 65 Circuit Breaker Credit, and the Disabled Veteran Deduction. For each of these tax incentives, there was an adjustment to the eligibility criteria and there was also a provision that specified that any increases in the assessed value of a property based solely on an annual adjustment or trending under Ind. Code § 6-1.1-4-4.5 were not to be considered when determining eligibility.



# SEA 280-2019 – Veterans & Over 65

- In other words, even though annual adjustments to property value could not make an individual ineligible for any of these tax incentives, an increase in the assessed value based on physical inspections completed every four (4) years under cyclical reassessment could be considered when determining the eligibility of a taxpayer for the Over 65 Deduction, the Over 65 Circuit Breaker Credit, and the Disabled Veteran Deduction.



# HEA 1113 – Veterans & Over 65

- Beginning with the January 1, 2020 assessment, HEA 1113 specifies that for the purpose of determining the assessed value of real property for an individual who has received the Over 65 Deduction, the Disabled Veteran Deduction or the Over 65 Circuit Breaker Credit, any subsequent increase in assessed value should not be considered unless the increase is attributable to physical improvements to the property.

*IC 6-1.1-12-9 & 4; IC 6-1.1-20.6-8.5*



# HEA 1113 – Veterans & Over 65

- This means that once an individual qualifies for the Over 65 Deduction or the Disabled Veteran Deduction, that individual will always qualify for the deduction, so long as the individual meets the other deduction criteria and the property is not sold or modified by a physical improvement.



# HEA 1113 – Appeal of Denied Deductions

- *Currently...*
  - A taxpayer may not appeal to the township or county assessor a claim of error related to the denial of a deduction, exemption, abatement, or credit if the approval authority was not the county property tax board of appeals, the county auditor, the county assessor, or the township assessor. Only the calculation of penalties and interest can be appealed.

*IC 6-1.1-15-1.1*



# HEA 1113 – Appeal of Denied Deductions

- *Beginning July 1, 2020...*
  - Taxpayers may appeal the omission or application of a deduction without the limitation to penalties and interest calculation errors.



# HEA 1113 – Tax Bills & Notices of Assessment

- HEA 1113 clarifies that the coupon portion of the tax bill is considered part of the property tax comparison statement (TS-1) that is prescribed by the department.
- On November 12, 2019, the Department issued [guidance](#) on the boilerplate language that must be used for property tax bills and the corresponding remittance coupons.

*IC 6-1.1-22-8.1*



# HEA 1113 – Tax Bills & Notices of Assessment

- Beginning with taxes due in 2021, property tax bills must also include information regarding how a taxpayer can obtain information regarding the taxpayer's notice of assessment or reassessment under Ind. Code § 6-1.1-4-22

*IC 6-1.1-22-8.1*



# Reporting Requirements Legislation



# HEA 1113 – Property Tax Data Reporting

- Beginning July 1, 2020, the following property tax data submissions will only have to be reported to the Department:

<b>Sales Disclosure Data</b>	(SALEDISC, SALECONTAC, SALEPARCEL)	<i>Due January 31</i>
<b>Mobile Home Data</b>	(MOBILE, APPEALMH)	<i>Due March 1</i>
<b>Tax Billing Data</b>	(TAXDATA, ADJMENTS)	<i>Due March 16</i>
<b>Real Property Data</b>	(PARCEL, LAND, IMPROVE, DWELLING, BUILDING, BLDDTL, APPEAL)	<i>Due August 31</i>
<b>Oil &amp; Gas Assessment Data</b>	(OILGAS, OILGASALL)	<i>Due August 31</i>
<b>Personal Property Data</b>	(PERSPROP, POOLDATA, APPEALPP)	<i>Due August 31</i>



# HEA 1113 – Other Post-Employment Benefits

- Beginning with the Other Post-Employment Benefits (OPEB) submissions that are due by March 1, 2021, units will be reporting this information to the State Board of Accounts through Gateway.

*IC 36-1-8-17.5*



# SEA 408 – GIS Reporting

- SEA 408 specifies that the appropriate county officer, as designated by the county executive, in each county shall, before September 1, 2021, and before September 1 of every year thereafter, submit parcel level data to the GIS officer.
- Additional information related to this reporting requirement can be obtained from the Indiana Geographic Information Office.

*IC 6-8.1-3-27*



# Questions?

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