



Department of Local Government Finance

2021 Legislative Overview

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Disclaimer

This presentation and other Department of Local Government Finance materials are not a substitute for the law. The following is not legal advice, just an informative presentation. The Indiana Code always governs.



Agenda

- Local Budgeting Matters
- Township & Fire Legislation
- Education Finance
- Assessment Legislation
- Exemptions & Tax Bill Legislation
- Sales Disclosure Forms
- Public Hearings & Public Notices



Local Budgeting Matters



Annexation Reporting

- House Enrolled Act 1271
 - Specifies that before June 15 of each year the fiscal officer of each political subdivision shall provide the DLGF with a report of any annexations that took place within the county and were effective on or after January 1 of the preceding year but before January 1 of the current year.

SEC. 24 – Effective July 1, 2021



Annexation Reporting

- House Enrolled Act 1271
 - Also requires the county auditor to forward to the DLGF:
 - 1) A list of lots or lands disannexed; and
 - 2) A copy of any annexation ordinance filed under IC 36-4-3-22.
 - No later than August 1 of each year.

SEC. 83-84 – Effective July 1, 2021



Additional Appropriations

- House Enrolled Act 1271
 - Specifies that any additional appropriation submitted to the DLGF must be in the manner prescribed by the department.
 - Clarifies that appropriations for bond proceeds must be included in the budget for the ensuing year. If this does not occur, the unit must complete the additional appropriation requirements in the year in which the bond proceeds are received.

SEC. 30 – Effective July 1, 2021



Cumulative Funds

- House Enrolled Act 1271
 - Beginning July 1, 2021, the department's review of cumulative fund establishments will be limited to certifying whether the proposed tax rate does not exceed what is permitted by statute.
 - If there is a remonstrance against a cumulative fund, DLGF shall only review whether statutory requirements were followed.
 - The number of taxpayers needed to remonstrate is made uniform for all cumulative fund types.



Rainy Day Fund Transfer Limits

- House Enrolled Act 1271
 - For calendar years 2021 through 2024, increases the amount that a political subdivision may transfer into its rainy day fund from 10% to 15%.
 - *Beginning with calendar year 2025, the transfer limit will return to 10%.*

SEC. 79 – Effective January 1, 2021



TIF Excess AV Allocation

- House Enrolled Act 1271
 - Specifies that upon receiving notice of any excess assessed value allocations from a redevelopment commission, the county auditor must forward this notice to the DLGF.
 - Notice must be forwarded to the DLGF by June 15.

SEC. 88-90 – Effective July 1, 2021



Tax Increment Finance Districts

- House Enrolled Act 1271
 - Prohibits a real property parcel from being included in more than one TIF area – unless the parcel was included in more than one TIF area on or before May 1, 2021.

SEC. 37; 54; 91-92; 95-97 – Effective April 8, 2021



Township & Fire Legislation



Township Annual Reports

- Senate Enrolled Act 409
 - Trustee must certify in the proposed budget submitted on Gateway that the uniform written standards for township assistance has been filed with the board of county commissioners.
 - Provision cites to budget submitted “under IC 6-1.1-17-3.”
 - Submit along with Form 3.
 - Failure to submit certification is not grounds for continuation.

SEC. 5 – Effective July 1, 2021



Township Annual Reports

- Senate Enrolled Act 409
 - Trustee must also include on the Form 3 the township assistance telephone number.
 - Failure to submit phone number is not grounds for continuation.

SEC. 6 – Effective July 1, 2021



Township Annual Reports

- Senate Enrolled Act 409
 - Beginning January 1, 2023, the Annual Township Assistance Report (TA7) must also include:
 - 1) Total number of recipients of township assistance.
 - 2) Total number of household containing recipients of township assistance.
 - 3) Total number of individuals denied township assistance.
 - 4) Total value of benefits denied to individuals applying for township assistance.
 - 5) Township assistance telephone number.



Township Abstracts

- Senate Enrolled Act 409
 - Statements of receipts and expenses contained in township abstract do not have to be published in the newspapers.
 - Remaining portion of abstract published in newspaper must also have a statement that a complete abstract is available for public inspection at the county auditor's office.

SEC. 10 – Effective July 1, 2021



Township Tie Voting

- Senate Enrolled Act 383
 - Specifies that the township executive shall serve by virtue of office as a member of the township legislative body for the purpose of casting the deciding vote to break a tie. However, the township executive may not vote to a break a tie on the adoption of an ordinance increasing the executive's salary.

SEC. 41 – Effective July 1, 2021



Fire Protection Territory Expansions

- House Enrolled Act 1065
 - Allows for expansion of existing territory.
 - Changes process for forming/expanding territory.
 - Addresses executive board composition.

SEC. 1 – Effective July 1, 2021



Expanding a Fire Territory

- House Enrolled Act 1065
 - Previously, to add an area to a territory, the territory would have to be dissolved and then reformed.
 - HEA 1065 intends to simplify the process of expansion.

SEC. 1 – Effective July 1, 2021



Expanding a Fire Territory

- House Enrolled Act 1065
 - Adding a participating unit.
 - Follow the IC 36-8-19-6 process.
 - Public hearings.
 - Identical ordinances/resolutions.
 - Within January 1 – April 1 timeline.

SEC. 1 – Effective July 1, 2021



Process to Form/Expand a Territory

- House Enrolled Act 1065
 - Current law requires two (2) public hearings before the meeting to adopt the ordinance/resolution on the territory.
 - HEA 1065 adds a public hearing.

SEC. 1 – Effective July 1, 2021



Process to Form/Expand a Territory

- House Enrolled Act 1065
 - The first public hearing must be held at least thirty (30) days before the adoption meeting.
 - At this hearing, the legislative body of each participating unit has to make available to the public information regarding the territory's impact on taxes, service levels, capital improvements, etc.

SEC. 1 – Effective July 1, 2021



Process to Form/Expand a Territory

- House Enrolled Act 1065
 - The next two (2) public hearings have to be held no later than ten (10) days before the adoption meeting.
 - Ordinance/resolution must include an agreement as to how property held by the territory will be disposed of in case of withdrawal or dissolution.

SEC. 1 – Effective July 1, 2021



Executive Board Composition

- House Enrolled Act 1065
 - HEA 1065 adds IC 36-8-19-6.9.
 - Executive boards are not required by IC 36-8-19.
 - If the agreement to form the territory also delegates responsibilities to this board.
 - Applies only to territories formed by ordinance/resolutions adopted after December 31, 2021.

SEC. 2 – Effective July 1, 2021



Executive Board Composition

- House Enrolled Act 1065
 - The board must include at least one (1) voting member who resides within and represents each participating unit and who does not reside in any of the other participating units.
 - This is not a matter of DLGF oversight.

SEC. 2 – Effective July 1, 2021



Education Finance



Referendum Questions – HEA 1271

- House Enrolled Act 1271
 - Amends the form language for proposed ballots questions for:
 - 1) Controlled Projects
 - 2) School Operations
 - 3) Extension for School Operations
 - 4) School Safety

SEC. 35, 61-62, 65 – Effective July 1, 2021



Referendum Questions – HEA 1271

- How is the form language different?
 - Uses percentage (%) increase in property taxes for both:
 - 1) Residential Property
 - 2) Business Property
 - Statement of last referendum date
 - Statement of whether last referendum passed or failed

SEC. 35, 61-62, 65 – Effective July 1, 2021



Referendum Questions – HEA 1271

- Note: None of the form questions will include the proposed property tax rate that will be imposed on taxpayers. Taxpayers will therefore no longer see on the ballot the additional tax rate that would be paid if the referendum passes.
- *Information on how to calculate the estimated average percent of the property tax increase can be found in the “Property Tax Referendum Calculations” Memo – Issued on May 27, 2021 SEC. 35, 61-62, 65 – Effective July 1, 2021*



School Safety Referenda Submission – SEA 398

- Senate Enrolled Act 398
 - Changes the deadline for a school corporation seeking to place a school safety referendum on the ballot for a primary election.
 - Certification of the proposed question must occur not later than seventy-four (74) days before a primary election.

SEC. 77 – Effective July 1, 2021



Revenue Spending Plan – SEA 55

- Senate Enrolled Act 55
 - Adds requirements for school corporations that both seek a property tax referendum and impose property taxes due to a referendum.
 - Requires a school corporation to develop a revenue spending plan for:
 - 1) Operating Referendum
 - 2) School Safety Referendum

SEC. 6-7 – Effective July 1, 2021



Revenue Spending Plan – SEA 55

- What must be included in revenue spending plan?
 - 1) An estimate of the amount of annual revenue expected to be collected.
 - 2) The specific purpose for which revenue collected from levy will be used.
 - 3) An estimate of the annual dollar amounts that will be expended for each purpose.

SEC. 6-7 – Effective July 1, 2021



Revenue Spending Plan – SEA 55

- The school board must submit the following to the DLGF at least ten (10) days before its budget hearing:
 - 1) Purposes specified in the public question, or any revenue spending plans for:
 - a) Debt service on bonds or lease rentals;
 - b) Operating referendum tax levy; or
 - c) School safety referendum tax levy
 - 2) Debt service levy fund, operating referendum tax levy fund, or school safety referendum tax levy fund.



Schools Budgeting on Fiscal Year – HEA 1271

- House Enrolled Act 1271
 - Specifies that a school corporation that adopts its annual budget on a fiscal calendar must submit its budget notice (Form 3) in the same manner as school corporations that adopt annual budgets on a calendar year basis.

SEC. 26 – Effective July 1, 2021



Temporary Loans – HEA 1271

- House Enrolled Act 1271
 - Specifies that before a school corporation increases a debt service levy to pay the interest for a temporary loan, the loan must have been issued and the school corporation has received proceeds from the loan.
 - Provides that the school board may not authorize a temporary loan for the purpose of increasing the school corporation's property tax rate for the ensuing budget year.

SEC. 70, 72-73 – Effective July 1, 2021



Anticipation Warrants – HEA 1001 / SEA 55

- House Enrolled Act 1001 / Senate Enrolled Act 55
 - Specifies that before a school corporation increases a debt service levy to pay the interest for an anticipation warrant, the warrant must be authorized by the school board in a resolution adopted at a public meeting in the year immediately preceding the year in which the warrant will be issued.
 - Resolutions will have to be submitted to the DLGF.

SEC. 169 / SEC. 8 – Effective July 1, 2021



Assessment Legislation



Form 137R – Disaster Petitions

- House Enrolled Act 1271
 - Clarifies that petitions for reassessment of partially or totally destroyed property (Form 137R) must related to property that has been physically destroyed.
 - *In other words, Form 137R petitions should not be filed for properties that have only been economically impacted.*

SEC. 6 – Effective January 1, 2020



Business Personal Property Returns

- House Enrolled Act 1271
 - Specifies that if a taxpayer consented to receive the notification by electronic mail from the taxpayer's township or county assessor for personal property filings, this consent remains in effect unless revoked.
 - *For these taxpayers, assessing officials may provide assessment notifications under IC 6-1.1-3-6 electronically.*

SEC. 5 – Effective July 1, 2021



Formal Complaints

- House Enrolled Act 1166
 - Provides that if a taxpayer may submit a written complaint to the DLGF if he or she has reason to believe that a township assessor, county assessor, employee of an assessing official, or an appraiser:
 - 1) Does not have the necessary competency to perform the assessment;
 - 2) Failed to adhere to the USPAP; or
 - 3) Engaged in prohibited action.

SEC. 4 – Effective April 29, 2021



Formal Complaints

- House Enrolled Act 1166
 - The DLGF plans to prescribe a formal complaint form that may be used by taxpayers. Until this form is finalized, taxpayers may submit a written complaint via e-mail or U.S. mail.



Information in Assessment Notices

- House Enrolled Act 1166
 - Specifies that assessment notices must include a notice to the taxpayer of their right to submit a written complaint to the DLGF. These notices will include:
 - 1) Form 11
 - 2) Form 113
 - 3) Tax Statements (TS-1)

SEC. 1 – Effective April 29, 2021



Serving as a Tax Representative – Level 2

- House Enrolled Act 1166
 - Provides that a Level 2 certified assessor-appraiser may serve as a tax representative for taxpayers before the PTABOA.
 - However, Level 2 certified assessor-appraisers must obtain authorization from the taxpayer to do so.
 - The DLGF will issue a new form for taxpayer authorization before July 1, 2021.

SEC. 3 – Effective July 1, 2021



Serving as a Tax Representative – Level 3

- House Enrolled Act 1166
 - A Level 3 certified assessor-appraiser may act as a tax representative for a taxpayer before the PTABOA or the Indiana Board of Tax Review.
 - Representation by a Level 3 certified assessor-appraiser does not require a taxpayer authorization form.

SEC. 3 – Effective July 1, 2021



Assessment Appeals

- House Enrolled Act 1166
 - Specifies that if the assessed value of a residential or commercial property (with an assessed value of \$3,000,000 or less) is increased and the taxpayer successfully appeals the increased assessment, the assessed value for the property cannot be increased until the first year of the next four (4) year cyclical reassessment cyclical.

SEC. 2 – Effective January 1, 2022



Assessment Appeals

- However...
 - This assessment “freeze” would not apply to increased assessments based on:
 - 1) Structural Improvements;
 - 2) Zoning; or
 - 3) Uses
 - that were not considered in the prior year’s assessment.



Assessment Appeals

- Are there any other exceptions to the “freeze” period?
 - This assessment “freeze” would not apply to:
 - 1) Property sold during the “freeze” period; or
 - 2) Increased assessments in the subsequent years that are based on trending or the application of an annual adjustment factor.



Assessment Appeals

- Are there any other exceptions to the “freeze” period?
 - This assessment freeze would not apply to increased assessment appeals that result in a reduced assessed value based on:
 - 1) A settlement or joint resolution (preliminary informal meeting / Form 134); or
 - 2) A correction of error appeal under IC 6-1.1-15-1.1(a) and (b).



Assessment Appeals

- House Enrolled Act 1166
 - Also specifies that the taxpayer may not appeal an increased assessment to the property during the “freeze” period unless the taxpayer believes the increased assessment is:
 - 1) Arbitrary and capricious; and
 - 2) Not made consistent with the annual adjustment factor.

SEC. 2 – Effective January 1, 2022



Solar Assessments

- House Enrolled Act 1348
 - For assessments beginning January 1, 2022, provides that assessing officials will determine the assessed value of the land underneath the fixed property of a utility grade solar energy installation facility at an amount that does not exceed the solar land base rate for the region in which the property is located.

SEC. 2 – Effective April 29, 2021



Solar Assessments



- Section 1 of HEA 1348 divides the state into a north, central, and south region for purposes of the land base rate.

SEC. 1 – Effective January 1, 2022



Solar Assessments

- House Enrolled Act 1348
 - Beginning December 1, 2021, the solar land base rates for each region will be calculated by the DLGF.
 - The land base rate will serve as the assessment cap, unless the facility was in existence and assessed on the January 1, 2021, assessment date.
 - The land base rate will apply to the land underneath a solar panel, as well as the land in between and immediately surround the solar panels.



Exemptions & Tax Bill Legislation



Tax Bill Proof of Mailing Date

- Senate Enrolled Act 195
 - Specifies that payment mailed to the county treasurer with metered postage is timely received if:
 - 1) Envelope is properly addressed to treasurer;
 - 2) Envelope has sufficient metered postage from a provider approved by the U.S. Postal Service;
 - 3) Metered postage bears the actual date of when it was affixed and the date is on or before the due date; and
 - 4) Envelope is received by the treasurer not later than 5 business days after due date.

SEC. 1 – Effective July 1, 2021



Tax Bill Proof of Mailing Date

- Before the passage of SEA 195, payments had to be postmarked by on or before the due to be considered a timely payment.
- *However, “postmarked” was defined to specifically exclude postage printed by a postage meter and the date included with a postage meter stamp could not be considered for purposes of determining whether a payment was timely.*



Tax Bill Proof of Mailing Date

- Senate Enrolled Act 195
 - A taxpayer will be subject to the 5% penalty if a payment is:
 - 1) Mailed or deposited with a parcel carrier by the 30th day after the due date (initial penalty period) and the postmark, certificate of delivery, or other evidence indicate the date of the mailing; or
 - 2) Mailed and affixed with a metered postage stamp indicating a date not later than the 30th day after the due date and the payment is received by the treasurer not later than 5 business days after the 30th day after the due date.

SEC. 1 – Effective July 1, 2021⁶



Business Personal Property Exemption

- Senate Enrolled Act 336
 - For assessments beginning January 1, 2022, the acquisition cost threshold for the business personal property tax exemption will be \$80,000.
 - *Exemption amount increased from \$40,000 to \$80,000.*

SEC. 1 – Effective January 1, 2022



Industrial Waste Control Facility Exemption

- Senate Enrolled Act 271
 - Eliminates the requirement for a property owner to mail a copy of the exemption claim to the Indiana Department of Environmental Management (IDEM).
 - Removes the ability of IDEM to certify a determination on an industrial waste control facility for an exemption application to the assessing official.

SEC. 1 – Effective July 1, 2021



Industrial Waste Control Facility Exemption

- Senate Enrolled Act 271
 - Local assessing officials may now investigate any claims under the industrial waste control facility exemption application and determine whether the property is being utilized as an industrial waste control facility.

SEC. 1 – Effective July 1, 2021



Religious Use Exemption

- House Enrolled Act 1353
 - When exempt property owned by a church or religious society is transferred to another church or religious society to be used for the same exempt purpose, the transferee church or religious society is not required to file a certified exemption application with the county assessor.

SEC. 2 – Effective July 1, 2021



Sales Disclosure Forms



Religious Use Exemption

- House Enrolled Act 1353
 - For transactions that occur after December 31, 2021, the Sales Disclosure Form must include an attestation that property transferred under Ind. Code § 6-1.1-10-21(e) will continue to be used by a church or religious society for the same tax-exempt purpose.
 - *The addition of this attestation on the SDF will require a revision to the file specifications under 50 IAC 26.*

SEC. 1 – Effective July 1, 2021



Religious Use Exemption

- House Enrolled Act 1353
 - The county assessor may request the articles of incorporation or bylaws to affirm the attestation if the county assessor reasonably suspects that the property transferred is no longer being used by a church or religious society for the same tax-exempt purpose.
 - Request must be in writing and provide an explanation as to why the assessor believes the property is no longer being used for the same tax-exempt purpose.



Sales Disclosure Fee

- House Enrolled Act 1271
 - Beginning July 1, 2021, the Sales Disclosure Form filing fee will be increased from \$10 to \$20.
 - The increased filing fee will apply to SDFs filed after July 1, 2021, regardless of when the property conveyance occurred.

SEC. 7 – Effective July 1, 2021



Public Hearings & Public Notices



Remonstrance Hearings

- House Enrolled Act 1271
 - Specifies that remonstrance hearings may be conducted virtually, including:
 - 1) Budget Remonstrance (IC 6-1.1-17-16.1)
 - 2) Cumulative Fund Remonstrance (IC 6-1.1-41)
 - 3) Lease Rental Agreement Remonstrance (IC 36-1-10-14)
 - 4) Emergency Fire Loan Remonstrance (IC 36-6-6-14.5)
 - 5) Fire Equipment Loan Remonstrance (IC 36-8-13-6.5)

Various SEC. – Effective July 1, 2021



Electronic Participation & Communications

- House Enrolled Act 1437
 - Allows members of a governing body of a political subdivision to participate in meeting electronically subject to the following:
 - 1) Governing body must adopt a written policy establishing procedures for electronic participation. ...

SEC. 5 – Effective April 20, 2021



Electronic Participation & Communications

- 2) Must have technology available that permits simultaneous communication between member and the public.
- 3) At least 50% of the members must be physically present.
- 4) Members participating electronically may be counted for quorum purposes.
- 5) Members participating electronically may participate in final action, so long as the member can be seen and heard.

SEC. 5 – Effective April 20, 2021



Conservancy District Electronic Meetings

- Senate Enrolled Act 68
 - Amended the Open Door Law (IC 5-14-1.5) to allow members of a conservancy district board of directors to attend public meetings electronically.

SEC. 1-2 – Effective July 1, 2021



Flood Control Board Tie Vote

- Senate Enrolled Act 329
 - In the event of a tie vote, the executive of the city petitioning for the establishment of the flood control district shall act as the determining vote.

SEC. 1 – Effective September 1, 2021



Additional Information?

- Additional information related to the various legislative changes from the 2021 Legislative Session can be found at the Department's website at:
 - <https://www.in.gov/dlgf/memos-and-presentations/memos/>



Questions?

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