
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: All Political Subdivisions
FROM: Wesley R. Bennett, Commissioner
RE: Legislation Affecting Local Budgeting Matters
DATE: June 23, 2023

The Department of Local Government Finance (“Department”) issues this memorandum to inform the public of legislative changes concerning local budgeting matters. Please note that this memorandum is for informational purposes only, and it is not a substitute for reading the law. Except as otherwise stated, all provisions are effective July 1, 2023.

I. Certified Net Assessed Values

On May 4, 2023, Governor Eric J. Holcomb signed into law House Enrolled Act 1454-2023 (“HEA 1454”). Section 27 of HEA 1454 specifies that certified net assessed value (“CNAV”) submissions to the Department must exclude the amount of assessed value for property that is under appeal. The assessed value that should be excluded from the CNAV submission is the increase or decrease amount that is subject to appeal.

Example Property (Increase)

2022 Assessed Value = \$100,000

2023 Assessed Value = \$130,000

Property’s 2023 Assessed Value is Appealed

Amount to be Excluded from 2023 CNAV Submission = \$30,000

Amount Included in 2023 CNAV Submission = \$100,000

Example Property (Decrease)

2022 Assessed Value = \$100,000

2023 Assessed Value = \$90,000

Property’s 2023 Assessed Value is Appealed

Amount to be Excluded from 2023 CNAV Submission = -\$10,000

Amount Included in 2023 CNAV Submission = \$100,000

If the assessed value of a property has been appealed and the appeal proceeding has concluded before the August 1 CNAV submission deadline, the county may report the assessed value determined at the conclusion of the appeal. Additionally, the new language under Ind. Code § 6-1.1-17-1(f) specifies that the county auditor may appeal to the Department to include the amount of assessed value under appeal within a taxing district in the county’s CNAV submission. Any

appeals should be submitted to the Department before August 1, and the Department may request additional supporting information with the county's appeal.

II. Maximum Levies & Population Growth

As adopted during the 2016 Legislative Session, Ind. Code § 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.

Section 32 of HEA 1454 clarifies how the population increase computation should be completed.

STEP ONE: Determine the municipality's population as tabulated following the first decennial census.

STEP TWO: Determine the municipality's population as tabulated following the second decennial census.

STEP THREE: Multiply the amount determined under STEP ONE by a factor of two and five-tenths (2.5).

STEP FOUR: Determine whether the population determined under STEP TWO is greater than or equal to the STEP THREE product.

III. Maximum Levy Growth Quotient

On May 4, 2023, Governor Eric J. Holcomb signed into law House Enrolled Act 1499-2023 ("HEA 1499"). Section 5 of HEA 1499 amends Ind. Code § 6-1.1-18.5-2 to add a new subsection (e), effective upon passage. This subsection places an additional limit on the maximum levy growth quotient ("MLGQ") for Pay-2024 and Pay-2025. For these years, the MLGQ is calculated using the following formula:

STEP ONE: Determine the MLGQ under Ind. Code § 6-1.1-18.5-2(b), as if Ind. Code § 6-1.1-18.5-2(e) was not in effect.

STEP TWO: Subtract one (1) from the STEP ONE result.

STEP THREE: Multiply the STEP TWO result by eight-tenths (0.8).

STEP FOUR: Add one (1) to the STEP THREE result.

STEP FIVE: Determine the lesser of:

- (A) the STEP FOUR result; or
- (B) one and four-hundredths (1.04).

Additionally, Section 5 of HEA 1499 amends Ind. Code § 6-1.1-18.5-2 to add a new subsection (f), effective upon passage. This subsection places an additional limit on the MLGQ for school corporations for Pay-2024 and Pay-2025. For these years, the MLGQ is calculated using the following formula:

STEP ONE: Determine the MLGQ under Ind. Code § 6-1.1-18.5-2(c), as if Ind. Code § 6-1.1-18.5-2(f) was not in effect.

STEP TWO: Subtract one (1) from the STEP ONE result.

STEP THREE: Multiply the STEP TWO result by eight-tenths (0.8).

STEP FOUR: Add one (1) to the STEP THREE result.

STEP FIVE: Determine the lesser of:

- (A) the STEP FOUR result; or
- (B) one and four-hundredths (1.04).

In other words, the MLGQ for Pay-2024 and Pay-2025 for civil taxing units and school corporations may not exceed the lesser of 1.04 or 80% of the MLGQ, as normally calculated under Ind. Code § 6-1.1-18.5-2.

IV. County Abstracts & Property Tax Relief Credits

On May 4, 2023, Governor Eric J. Holcomb signed into law House Enrolled Act 1001-2023 (“HEA 1001”). Section 89 of HEA 1001 amends Ind. Code § 6-1.1-22-5 regarding the county abstract submission process. Beginning with submissions due on March 15, 2024, county abstract submissions will be made to the Department, as opposed to the Auditor of State’s Office. In addition to the transition of county abstract submission and review process to the Department, Section 105 of HEA 1001 specifies that the Department will assist adopting bodies and county auditors in calculating property tax relief credit percentages and amounts. The Department will be issuing further guidance on the county abstract submission process in the coming months.

V. Residential Tax Increment Finance Districts

As adopted during the 2019 Legislative Session, Senate Enrolled Act 566 (“SEA 566-2019”) allowed redevelopment commissions to create a tax increment finance district for residential property (“residential TIF”) under certain conditions. Under SEA 566-2019, the Department, in

cooperation with either the appropriate county or municipal agency, was required to determine whether a county or municipality met the residential TIF establishment criteria. In its review of a resolution designating a residential housing development program, the Department would consider whether the following criteria were met:

- (1) For a county redevelopment commission, the average of new, single family residential houses constructed are within the township in which the area during the last three (3) years is less than one percent (1%) of the total number of single-family residential houses within that area on January 1 of the year in which the resolution is adopted; or
- (2) For a municipal redevelopment commission, the average of new, single family residential houses constructed are within the municipality during the last three (3) years is less than one percent (1%) of the total number of single-family residential houses within that area on January 1 of the year in which the resolution is adopted.

On May 4, 2023, Governor Eric J. Holcomb signed into law House Enrolled Act 1005-2023 (“HEA 1005”). Section 7 of HEA 1005, effective upon passage, removes the threshold conditions for establishing a residential TIF, including the condition that the governing body of each school corporation affected by the residential TIF must pass a resolution approving the establishment of the area before the TIF may go into effect. Additionally, Section 7 of HEA 1005 changes the duration of a residential TIF from 25 years (under current law) to 20 years after the date on which the first obligation for the district is incurred. With the elimination of the threshold conditions for establishing a residential TIF, the Department will no longer make determinations on the establishment of residential TIFs in any area outside of Marion County.

On May 1, 2023, Governor Eric J. Holcomb signed into law House Enrolled Act 1157-2023 (“HEA 1157”). Under HEA 1157, a redevelopment commission of a consolidated city is allowed to establish a residential TIF if the construction of new residential houses fails to meet the benchmarks previously outlined under SEA 566-2019. The legislation requires the Department, in cooperation with the appropriate agency of the consolidated city, to determine eligibility for the establishment of a residential TIF. In other words, the establishment of a residential TIF within Marion County will still be subject to the review and determination of the Department that all eligibility criteria have been met.

Under Section 182 of HEA 1454, the amended changes made for the establishment of residential TIFs under HEA 1005 expire on June 30, 2027, and on July 1, 2027, the establishment criteria previously established under SEA 566-2019 are automatically reinstated.

VI. Redevelopment Commission Annual Reporting

Section 172 of HEA 1454 adds Ind. Code § 36-7-14-12.7, which specifies that redevelopment commissions will be required to submit a spending plan for the upcoming year by December 1 to the Department. The required spending plan must be submitted in a manner prescribed by the Department, and the Department will be issuing further guidance on these submissions to the TIF Management Application in the coming months.

The new redevelopment commission reporting under HEA 1454 will be in addition to the annual reporting required under Ind. Code § 36-7-14-13 and Ind. Code § 36-7-14.5-9, which must be submitted through the TIF Management Application no later than April 15 each year.

VII. Controlled Projects Threshold

Sections 6 through 8 of HEA 1499 modify, through December 31, 2024, the threshold amounts used for determining whether a political subdivision's project is a controlled project and whether the petition and remonstrance process or the referendum process applies based on the political subdivision's total debt service tax rate, but excludes certain projects for which a public hearing to issue bonds or enter into a lease has been conducted before July 1, 2023. It creates an exception, through December 31, 2024, to a provision subjecting a controlled project in a political subdivision with a total debt service rate of \$0.80 per \$100 of AV to the referendum process, if: (1) the political subdivision submits a request to the Department seeking a waiver of the provision for a maintenance emergency; (2) the proposed controlled project is a response to a maintenance emergency; and (3) the Department determines that the maintenance emergency is sufficient to waive the provision. The bill amends an exclusion from the definition of "controlled project" for projects required by a court order. Section 11 of HEA 1499 defines a "maintenance emergency" to include:

- (1) Repair of a boiler or chiller system;
- (2) Roof repair;
- (3) Storm damage repair; or
- (4) Any other repair that the Department determines is a maintenance emergency for which waiver of the application of Ind. Code § 6-1.1-20-3.5(a)(1)(D) is warranted.

VIII. Interest & Penalty Waivers

Section 44-46 of HEA 1454 specifies that the fiscal body of a county may adopt an ordinance to establish a property tax amnesty program and require a waiver of interest and penalties added before January 1, 2023, on delinquent taxes and special assessment on real property in the county if certain conditions are met.

Contact Information

Questions may be directed to David Marusarz, Deputy General Counsel, at dmarusarz@dlgf.in.gov.