

**STATE OF INDIANA**  
**DEPARTMENT OF LOCAL GOVERNMENT FINANCE**  
**Room 1058, IGCN – 100 North Senate**  
**Indianapolis, IN 46204**

**IN THE MATTER OF THE REQUEST )**  
**OF CITY OF COVINGTON, )**  
**FOUNTAIN COUNTY, FOR AN ) A23-076**  
**EXCESS LEVY DUE TO )**  
**THREE-YEAR GROWTH )**

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The Department of Local Government Finance (“Department”) has reviewed an appeal by City of Covington (“City”) for an excess levy in the amount of \$85,000 to its civil maximum levy due to three-year growth. Indiana Code 6-1.1-18.5-13 allows the Department to grant permission to a civil taxing unit to increase its maximum levy if the Department finds that the quotient determined under Step Six of the following formula is equal to or greater than one and two-hundredths (1.02):

Step 1: Determine the three calendar years that most immediately precede the ensuing calendar year:  
*2023, 2022, and 2021*

Step 2: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.:

*City assessed values for 2020, 2021, 2022, and 2023, respectively:*

<i>2020:</i>	<i>61,230,950</i>
<i>2021:</i>	<i>67,327,226</i>
<i>2022:</i>	<i>74,207,694</i>
<i>2023:</i>	<i>99,471,602</i>

*Step 2 quotients:*

<i>2021/2020:</i>	<i>1.0996</i>
<i>2022/2021:</i>	<i>1.1022</i>
<i>2023/2022:</i>	<i>1.3404</i>

Step 3: Sum the results of Step 2 and divide by three:

*1.1807 ([1.0996+1.1022+1.3404]/3)*

Step 4: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.

*Statewide average quotients for 2021, 2022, and 2023, respectively:*

*1.0392; 1.0541; 1.1481*

Step 5: Add the Step 4 results and divide by three:

*1.0804 ([1.0392; 1.0541; 1.1481]/3)*

Step 6: Divide the Step 3 results by the Step 5 results:

1.0928 (1.807/1.0804)

The maximum amount that the Department may award is the amount by which Step 3 exceeds the maximum levy growth quotient (“MLGQ”) as calculated according to IC 6-1.1-18.5-2 (this amount is 1.04 or 4% for 2024; since 1.0928 is greater than 1.020, the City is eligible for a three-year growth appeal):

0.1407 (14.07%) (1.1807-1.0400)

The City’s 2023 maximum civil levy is \$870,718. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 14.07% growth factor calculated above results in a figure of \$122,541, which is the maximum for which the City could qualify under the statutory formula. Under IC 6-1.1-18.5-12(a), the City must also show that it is unable to perform its government functions without this increase.

The City states in its appeal that the excess levy is needed to fund shortfalls for police, fire, and sanitation services due to inflation and rising cost of goods, labor, and services. The City cites specifically growing police officer salaries, new fire equipment purchases, fuel costs, and rising landfill fees as examples.

The City stated on its Budget Form 3 that it seeks an excess levy appeal of \$85,000 for its General Fund.

After a review of the petition, the Department, following IC 6-1.1-18.5-12 and 13, and in consideration of all evidence provided, finds as follows:

**DENIED:**

The Department denies the City’s excess levy appeal. The Department does not find that inflation and rising costs as appropriate reasons to grant an excess levy. Inflation is an ongoing economic phenomenon, and the recent high rate of inflation will likely return to more manageable levels in the near future. More importantly, inflation affects everyone, including the taxpayers who would also then have to bear the burden of an excess levy. The taxpayers have to deal with the rising costs as much as the City, but while the City can claim it needs an excess levy to make up for rising costs, the taxpayers may not have similar recourses for relief. This is especially important considering the Indiana General Assembly enacted legislation in 2023 to limit the MLGQ for pay-2024 as a way of controlling the taxpayers’ burden due to rising property values but also inflation. Therefore, the Department will not consider inflation or general cost increases as justification for the excess levy.

Therefore, the Department denies the City’s excess levy appeal.

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WITNESS MY HAND AND SEAL of this Department on this 8 day of December, 2023.

  
Daniel Shackle, Commissioner