STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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TO: County, City, Town, Township, and Other Local Officials

FROM: Indiana Department of Local Government Finance

DATE: August 19, 2026

SUBJECT: Local Government Fiscal and Property Tax Options Following the August 11-12, 2026 Storms and Flooding

Governor Mike Braun issued **Executive Order 26-21** on August 13, 2026, declaring a statewide disaster emergency arising from flooding, severe weather, tornadic activity, and a derecho that began August 11 and continued through August 12, 2026. The Executive Order states that the storms caused widespread and severe damage across Indiana, finds that state assistance is necessary to supplement local resources, directs the Indiana Department of Homeland Security (IDHS) to provide needed emergency services to impacted counties and coordinate necessary assistance with federal, state, and local agencies, and provides that the declaration will continue for thirty (30) days.

DLGF recognizes that affected political subdivisions may face immediate and unanticipated costs for debris removal, road and drainage repairs, emergency services, damaged facilities and equipment, and other response and recovery activities. This memorandum summarizes several provisions of Indiana law that may assist local officials in addressing those costs and identifies property tax relief that may be available for property damaged or destroyed by the disaster.

KEY DISTINCTION: An appropriation provides legal spending authority; it does not itself create additional revenue or cash. A unit should determine both whether it has sufficient appropriation authority and what lawful source of funds will support the expenditure.

1. First determine whether existing appropriations are available

Before pursuing an additional appropriation or additional levy authority, a political subdivision should determine whether sufficient money has already been appropriated for the necessary expenditure.

Under **IC 6-1.1-18-6**, the proper officers may transfer an existing appropriation from one major budget classification to another within the same department or office when the transfer is necessary, does not cause expenditures to exceed the total budget, and is made at a regular public meeting by ordinance or resolution. A transfer under this section may be made without notice and without DLGF approval.

DLGF's March 23, 2026 additional appropriation memorandum provides additional guidance concerning appropriation transfers and the treatment of departmentalized budgets.

2. Additional appropriations under IC 6-1.1-18-5

If an affected political subdivision needs to spend more during 2026 than has been appropriated, **IC 6-1.1-18-5** provides the general additional appropriation procedure.

Ordinarily, the unit must submit through Gateway the amount of the proposed additional appropriation, the affected fund and account, and the date, time, and place of the public hearing. The required information must be submitted to Gateway at least fourteen (14) days before the public hearing. After the hearing and fiscal body action, the adopted additional appropriation must be submitted or reported as provided by statute; the certified final proposal is generally due not later than fifteen (15) days after adoption.

For a fund whose budget, rate, or levy is certified by DLGF, the Department determines whether sufficient funds are available or will be available and limits an additional appropriation to revenues available or to be made available that have not previously been appropriated. Additional appropriations from other funds generally do not require DLGF approval, although they must be reported.

Indiana law also specifically provides that, in the event of a casualty, accident, or extraordinary emergency, a political subdivision may use state funds to make an additional appropriation under IC 6-1.1-18-5. See **IC 6-1.1-18-8(c)**.

3. Insurance proceeds and reimbursing grants

Under **IC 6-1.1-18-7**, funds received because of damage to political subdivision property may be appropriated for repairing or replacing the damaged property, provided the money is actually expended for that purpose within twelve (12) months after receipt.

Similarly, **IC 6-1.1-18-7.5** permits a political subdivision to appropriate state or federal grant funds without using the additional appropriation procedure under IC 6-1.1-18-5 when the funds are provided or designated as reimbursement of an expenditure already made by the political subdivision. Other grants may still require an additional appropriation depending upon the fund and circumstances.

4. Rainy day funds and temporary interfund cash flow transfers

Under **IC 36-1-8-4**, the fiscal body of a political subdivision may authorize a temporary transfer to a fund that needs money for cash-flow purposes from another fund with sufficient available money, subject to the statutory conditions. Ordinarily, the transfer period must end during the same budget year. If the fiscal body determines that an emergency requires additional time, repayment may be extended for not more than six (6) months beyond the budget year if the required ordinance or resolution describes the emergency and repayment date and is immediately forwarded to SBOA and DLGF.

Political subdivisions should also review available Rainy Day Fund balances. The Rainy Day Fund is subject to the same appropriation process as other funds receiving tax money. For counties, cities, and towns, **IC 36-1-8-5.1** expressly permits money deposited in the Rainy Day Fund to be transferred by ordinance or resolution to the general fund or another appropriated fund. Units should consult the statute and DLGF guidance for the requirements applicable to their particular circumstances.

5. Emergency excess levy appeals for the following calendar year (2027)

The recent storms may create costs that extend beyond 2026. **IC 6-1.1-18.5-12** allows a civil taxing unit that incurs increased costs because of a natural disaster, accident, or another unanticipated emergency, and determines that it cannot carry out its governmental functions during the ensuing calendar year under the otherwise applicable levy limitations, to appeal to DLGF for relief. For the ordinary disaster/emergency appeal, the appeal must be filed before October 20 of the calendar year immediately preceding the ensuing calendar year and must be supported by reasonably detailed factual statements demonstrating the unit's need.

Under **IC 6-1.1-18.5-13(2)**, DLGF may permit an increase above the otherwise applicable levy limitation if the Department determines that the civil taxing unit cannot carry out its governmental functions for the ensuing calendar year because of a natural disaster, accident, or other unanticipated emergency.

For the August 11-12 storms, this is principally a 2027 levy-relief mechanism rather than a means of immediately financing a 2026 expenditure. Units expecting continuing storm-related costs should begin documenting those costs now and should contact their DLGF Budget Field Representative well in advance of the statutory deadline.

6. Emergency public works and purchasing

Separate statutes may expedite contracting for emergency response and repair work. Under **IC 36-1-12-9**, upon a declaration of emergency, a board may contract for a public work project without advertising for bids if bids or quotes are invited from at least two (2) persons known to deal in the public work required. The board's minutes must show the declaration of emergency and the names of the persons invited to bid or provide quotes.

For purposes of Title 36, an "emergency" means a situation that could not reasonably be foreseen, threatens the public health, welfare, or safety, and requires immediate action. Local officials should also consider any applicable emergency special-purchase authority under IC 5-22-10 and maintain documentation sufficient to support the emergency action and contractor selection.

7. Emergency management authority during the declared disaster

Local officials should also be aware of **IC 10-14-3-17(j)**. Subsection (j)(1) authorizes political subdivisions to appropriate and expend funds, make contracts, and obtain equipment, materials, and supplies for emergency management and disaster purposes. During a disaster emergency declared under IC 10-14-3-12, subsection (j)(5) authorizes a political subdivision to waive otherwise-required procedures and formalities relating to specified emergency actions, including public work, contracts, obligations, employment, equipment rental, purchases and distribution of supplies, and the appropriation and expenditure of public funds.

Executive Order 26-21 does not itself make those local waivers. Rather, it establishes the statewide disaster emergency that makes the statutory local emergency authority potentially available. The Executive Order itself declares the emergency, finds that state assistance is needed, and directs IDHS coordination; it does not expressly suspend local budget statutes or DLGF requirements.

Accordingly, a political subdivision considering reliance on IC 10-14-3-17(j)(5) should document the emergency action and the procedures being waived and should consult its attorney, SBOA, and DLGF as appropriate. The provision should not be treated as creating additional taxing or levy authority or as automatically eliminating a substantive approval requirement administered by DLGF. When an existing, more specific emergency procedure addresses the situation, local officials should consider using that procedure.

8. Additional township emergency authority

Townships have additional provisions that may be relevant. Under **IC 36-6-6-14**, the township legislative body may determine at a special meeting that fire and emergency services or another emergency requires expenditures not included in the township's budget estimates and levy and, subject to the statutory requirements, authorize the township executive to borrow a specified amount sufficient to meet the emergency.

IC 36-6-6-15 separately permits temporary borrowing to meet current expenses when the legislative body finds that an emergency requires it, subject to the limits and resolution requirements stated in that section. Townships considering these provisions should coordinate with DLGF and SBOA regarding the applicable procedures.

9. Property tax relief for property damaged or destroyed by the storms - Form 137R

Local officials, particularly county assessors, should also make affected taxpayers aware of disaster reassessment relief. Under **IC 6-1.1-4-11**, if a substantial amount of real and personal property in a township has been physically destroyed, in whole or in part, as the result of a disaster, the county assessor must cause a survey of the affected area and order reassessment of the destroyed property when a person petitions the assessor to take that action. The reassessed value and corresponding adjustment of tax due, past due, or already paid are effective as of the date the disaster occurred, without penalty.

The prescribed petition is **State Form 17592 (Form 137R)**, "Petition for Survey and Reassessment - Real and Personal Property Partially or Totally Destroyed by Disaster." The form directs taxpayers to file the petition with the County Assessor. It recommends filing within twelve (12) months of the disaster; however, petitions may be accepted later so long as the statutory timing requirement in IC 6-1.1-4-11(b) can be satisfied. The statute controls the ultimate deadline.

County assessors are encouraged to make Form 137R readily available and to communicate its availability to residents and businesses that suffered significant physical property damage from the August 11-12 storms.

10. Recommended first steps for affected units

- Identify and separately track storm-related costs, including payroll and overtime, equipment usage, materials, debris removal, contracts, invoices, photographs, insurance proceeds, and other supporting documentation.
- Identify the lawful fund and revenue source for each expenditure and determine whether adequate appropriation authority already exists.
- Consider a transfer of an existing appropriation under IC 6-1.1-18-6 when the statutory requirements are satisfied.
- Review available insurance or damage-recovery proceeds, state or federal reimbursement grants, temporary interfund cash-flow options, and applicable Rainy Day Fund balances.
- If additional 2026 spending authority is necessary, contact the unit's DLGF Budget Field Representative and begin the IC 6-1.1-18-5 process promptly.
- Use specific emergency public work or purchasing procedures when applicable, and document any emergency determination and departure from ordinary procedures.
- Evaluate whether storm-related costs may impair the unit's ability to perform governmental functions in 2027; if so, consider whether an emergency excess levy appeal may be warranted before the statutory deadline.
- Coordinate with the county emergency management agency, IDHS, DLGF, and SBOA as appropriate to the issue presented.
- County assessors should make Form 137R information available to taxpayers in affected areas where the statutory criteria may be met.

11. DLGF assistance

Because the appropriate procedure depends upon the fund, the source of revenue, the nature of the expenditure, and the type of political subdivision, units with questions concerning additional appropriations, levy appeals, transfers, or other budget matters should contact their DLGF Budget Field Representative. Questions concerning property assessment and Form 137R should be directed to the appropriate county assessing official or DLGF's Assessment Division. Accounting and audit questions should be coordinated with SBOA, and questions concerning state or federal disaster-assistance programs should be directed to the appropriate emergency management agency and IDHS.

CONTROLLING LAW: This memorandum summarizes existing Indiana law and DLGF procedures. It does not create a new appropriation, revenue source, levy appeal, or entitlement to disaster assistance and does not supersede applicable statutes, regulations, grant requirements, or executive orders. In the event of a conflict, applicable law controls.

Key References

- Executive Order 26-21
- DLGF Memorandum: Additional Appropriation Submission, Department Review Procedures, and Other Related Topics (Mar. 23, 2026)
- Indiana Code 2026 - Title 6
- Indiana Code 2026 - Title 10
- Indiana Code 2026 - Title 36
- DLGF Forms - Form 137R (State Form 17592)