



# Department of Local Government Finance

## 2026 Legislative Overview

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June 17, 2026  
10:00 a.m.



# 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

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- Local Budgeting Matters Legislation
  - Including brief overview of SEA 270
- Economic Development Legislation
- Local Income Tax Legislation
- School Funding Legislation
- Fire Funding Legislation



# Local Budgeting Matters



# Local Budgeting Matters

- Legislation Affecting Townships
  - Brief overview of SEA 270
  - Township Capital Improvement Plans (“CIPs”)
- Cumulative Funds
- Certified Net Assessed Values (“CNAV”)
- Initial Maximum Levy Certifications
- Public Library Budgeting
- Contract Upload Requirements
- Community Mental Health Center Funding
- Property Tax Billing



# SEA 270 – Township Mergers and Reorganizations

- SEA 270 modifies the Government Modernization statute (Ind. Code 36-1.5) and the Merger of Township Governments statute (Ind. Code 36-6-1.5) while adding new procedures for mandatory consolidations of townships.
- (New) Ind. Code 36-1.5-4.1 – Reorganization of Certain Designated Townships (effective upon passage)
- (New) Ind. Code 36-6-1.7 – Merger of Certain Township Governments (effective upon passage)



# SEA 270 – Township Mergers and Reorganizations

- Department of Local Government Finance (“Department”) directed to assign “points” to every township in the state:
  - 2 points if the township did not provide township assistance (as reported in the township’s Annual Financial Report (“AFR”) to the Indiana State Board of Accounts (“SBOA”)) in both calendar years 2023 and 2024.
  - 1 point point if the township did not “actively manage” fire protection or emergency medical services within the township as of January 1, 2025.



# SEA 270 – Township Mergers and Reorganizations

- 1 point for each year that the township did not file an AFR with SBOA in 2023 or 2024.
- 1 point for each year that the township did not file all required monthly upload reports as required by SBOA in 2024 or 2025.
- 1 point if the township's budget and levy for calendar year 2024 were continued under Ind. Code § 6-1.1-17-3(d) or Ind. Code § 6-1.1-17-5(f) from 2023 by the Department.
- 1 point if the township's budget and levy for calendar year 2025 were continued under Ind. Code § 6-1.1-17-3(d) or Ind. Code § 6-1.1-17-5(f) from 2024 by the Department.



# SEA 270 – Township Mergers and Reorganizations

- 1 point if the township received fewer than 24 township assistance applications total in 2023 and 2024 as provided in the township's AFR.
- 1 point if the township's certified budget was less than \$100,000 for 2025.



# SEA 270 – Township Mergers and Reorganizations

- A maximum of 1 point if the township did not have a candidate on the ballot for township trustee in 2018 or 2022 (unless timely filled), or if the position of township trustee is vacant on July 1, 2026 and has been vacant for at least thirty (30) calendar days.
- A maximum of 1 point if the township did not have any candidates on the election ballot for the positions on the township board in the 2018 or 2022 election (unless timely filled), or if at least one (1) vacancy on the township board is vacant on July 1, 2026 and remains vacant thirty (30) days.



# SEA 270 – Township Mergers and Reorganizations

- Designated Township = 4 or more points (subject to appeal)
- Department to determine which designated townships also meet both of the following criteria:
  - At least 80% of the township's boundaries coincide with a municipality's boundaries; and
  - At least 51% of the township's population resides within the corporate boundaries of a municipality.



# SEA 270 – Township Mergers and Reorganizations

- Designated townships – required to merge under Ind. Code 36-6-1.7, using process set forth in Ind. Code 36-6-1.5.
- Designated townships that meet the two additional criteria above – required to reorganize under Ind. Code 36-1.5-4.1 (likely very few).
- Does not apply to townships that have begun to consolidate or merge with another unit before July 1, 2027.



# SEA 270 – Township Mergers and Reorganizations - What Happens Next?

- What happens next?
- Department prepares a list organized by county and in descending order of townships in the county having the most points to the least points.
- The list must also specify which designated townships (4 or more points) satisfy the 80% township/municipality boundary threshold AND the 51% township/municipality population thresholds.



# SEA 270 – Township Mergers and Reorganizations – Timeline

- December 31, 2026 – Department submits list to Legislative Council and publishes list on website.
- March 31, 2027 – Deadline for townships to appeal assigned point total.
  - Townships may petition the Department to reconsider and amend the point total because the total is:
    - a) incorrect; or
    - b) compliance with requirements was not possible due to a disaster that disrupted operations and reporting requirements.
  - Township must provide evidence for appeal.
  - Department will likely provide appeal template that townships may use.



# SEA 270 – Township Mergers and Reorganizations – Timeline

- June 30, 2027 – Department issues written determination on all appeal petitions. Determinations are final and not subject to further appeal.
- July 1, 2027 – Department submits final list (if corrections were made) to Legislative Council and publishes final list on website.
- August 1, 2027 – Public meeting between county commissioners and all township trustees to discuss which townships will merge.
- October 1, 2027 – County commissioners to adopt a resolution naming the townships that will merge.



# SEA 270 – Township Mergers and Reorganizations - Timeline

- January 1, 2028 – County commissioners to prepare a report with required information about merging townships – to be submitted to the Department and Executive Director of Legislative Services Agency.
- February 28, 2028 – Merging townships must submit to Department:
  - resolutions adopted under Merger Statute; and
  - estimated budget, and proposed tax rate and tax levy of new township government for 2029 budget year.
  - Must be submitted on any forms prescribed by the Department.
- January 1, 2029 – all required township mergers must be effective no later than this date.



# SEA 270 – Township Mergers and Reorganizations – Other Considerations

- Other Considerations
- Ind. Code § 36-6-1.5-1.5(e) prohibits township boards from adopting a resolution ordering a voluntary merger after January 1 of a year in which: 1) a general election is held; and 2) a township trustee is elected.
- Townships wishing to voluntarily merge in anticipation of SEA 270 should not violate this prohibition.
- Township assessors are not affected.
- More information to come!



# Township Capital Improvement Plans (CIPs)

- In 2019, Ind. Code 36-6-9 was enacted to require townships with balances in their “capital improvement funds” above a certain amount to adopt capital improvement plans (“CIPs”).
  - Capital Improvement Fund = Any fund used for payment of capital improvements.
  - Failing to adopt a CIP by September 30, 2020, a township’s levies for those funds (except general, township fire, township assistance, and debt service) were zeroed out for the following year. See Ind. Code § 36-6-9-8.



# Township Capital Improvement Plans (CIPs)

- As amended by HEA 1200:
  - All townships must adopt a CIP after December 31, 2027 (changed from June 30, 2025).
  - **No later than September 30 of each year.**
  - Must submit a copy within five (5) business days after the budget is adopted.
  - Still required in plan:
    - Balance of all “unrestricted funds” that exceed the township’s upcoming annual budget.
    - The purpose for which all “unrestricted funds” are being retained.
  - The prior year CIP now considered by county fiscal body during non-binding review under Ind. Code § 6-1.1-17-3.6(a).



# Township Capital Improvement Plans (CIPs)

- “Unrestricted fund”: Cash reserves that are not:
  - 1) Obligated by the township in its upcoming annual budget.
  - 2) Committed to the township’s CIP.
  - 3) Encumbered by a contract or purchase order.
  - 4) Restricted for use by state or federal law or rule.
  - 5) Restricted by contractual obligation.
  - 6) Restricted by a third-party.

*SEC. 35 (HEA 1461) – Ind. Code § 36-6-9-4.5 – Effective July 1, 2025*



# Cumulative Fund Certifications

- Section 93 of HEA 1210 specifies that the Department will certify the tax rate established or reestablished for a cumulative fund as part of the budget certification process. The Department will no longer issue a separate certification.
- This does not change the local process for establishing or reestablishing a cumulative fund under Ind. Code § 6-1.1-41.

*SEC. 93 – Ind. Code § 6-1.1-41-4 – Effective July 1, 2026*



# Max Levy Adjustment for CCD Fund

- Section 71 of HEA 1210 specifies that the adjustment to a county, city, or town's maximum levy to account for a cumulative capital development ("CCD") fund is based off the certified CCD fund rate, not the maximum permissible CCD fund rate.

*SEC. 71 – Ind. Code § 6-1.1-18.5-9.8 – Effective July 1, 2026*



# Certified Net Assessed Values (CNAV) 1

- The county auditor may amend CNAVs by providing written notice to the county fiscal body, the Department, and the fiscal officers of affected units (and the assessor, if the amendment is the result of information provided by the assessor).
- This replaces the requirement to publish notice and hold a public hearing on the CNAV amendment.

*SEC. 64 (HEA 1210) – Ind. Code § 6-1.1-17-1 – Effective January 1, 2026*



# Certified Net Assessed Values (CNAV) 2

- Starting with 26 Pay 27 budgets, the county auditor is no longer required to exclude from CNAV the amount of AV for any property with a pending appeal. Therefore, auditors should include the AV of any property with a pending appeal in CNAV.
- Auditors still able to exclude certain AV under Ind. Code § 6-1.1-17-0.5 (CNAV withholding up to 2%) and appeal to the Department for additional exclusion under Ind. Code § 6-1.1-17-8.5 (in excess of 2% withholding).

*SEC. 64 (HEA 1210) – Ind. Code § 6-1.1-17-1 – Effective January 1, 2026*



# Certified Net Assessed Values (CNAV) 3

- Auditors who fail to submit CNAV by August 1 must now provide a notice by the same date to:
  - county fiscal body;
  - the Department; and
  - each political subdivision subject to budget certification.
- The notice must include a written statement acknowledging noncompliance and explain the reason for it.
- The Department must report those counties that fail to meet August 1 deadline to LSA and Legislative Council by February 1 each year, starting in 2027.

*SEC. 64 (HEA 1210) – Ind. Code § 6-1.1-17-1 – Effective January 1, 2026*



# Initial Maximum Levy Certifications 1

- Under prior law, a unit was not subject to levy limits if it did not adopt a property tax levy in the previous year.
- HEA 1210 now provides that a unit is not subject to levy limits if it did not exist as of January 1 in the calendar year that immediately precedes the budget year.
- Does not apply to initial maximum levy requests for fire territories.

*SEC. 70 (HEA 1210) – Ind. Code § 6-1.1-18.5-7(a) – Effective January 1, 2026*



# Initial Maximum Levy Certifications 2

- Under prior law, a unit seeking an initial maximum levy had to refer its proposed budget, levy, and tax rate to the Department by June 30, and the Department had to review and issue a final determination.
- HEA 1210 specifies that a unit seeking an initial maximum levy will now adopt its budget, levy, and tax rate according to Ind. Code § 6-1.1-17-5.
- The Department will review to ensure the adopted budget is fundable based on the adopted levy and estimates of available revenues. If so, the Department will certify the levy for the ensuing year.
- **Important:** The Department should still be notified as early as possible when a new unit is created to ensure administrative setup steps are completed.

*SEC. 70 (HEA 1210) – Ind. Code § 6-1.1-18.5-7(b) – Effective January 1, 2026*



# Maximum Non-Binding Budgets for Libraries (Change for Pay 2027) 1

- Ind. Code § 6-1.1-17-20.3 states that a public library is subject to binding review if its proposed upcoming year's budget is increased by a certain percentage compared to the previous year's budget. As amended by HEA 1406-2026, the threshold is the percent increase that is the result of:
  - the MLGQ, rounded to the nearest thousandth (0.001);
    - minus one (1);
    - multiplied by five-tenths (0.5).
- For example, assume that for the upcoming budget year, the MLGQ is 1.05. Following the order of operations above, the percent increase that would determine whether a public library's budget is subject to binding review is 0.025 or 2.5%.



# Maximum Non-Binding Budgets for Libraries (Change for Pay 2027) 2

- Library boards wanting to advertise and adopt their own budgets and levies, may not increase their budget by half of the MLGQ or more.
- Any budget advertised for more than this maximum amount, must be adopted by the appropriate county, city, or town fiscal body.
- The Department notes that the library may advertise a budget of any amount, but if the library advertises a budget that is greater than the maximum, then the library becomes subject to a binding budget adoption.



# Maximum Non-Binding Budgets for Libraries

- For binding libraries, the appropriate fiscal body of the city, town, or county (whichever applies) shall review and adopt each budget and tax levy for the public library.
- The fiscal body may reduce or modify but not increase the proposed budget or tax levy.
- More information in May 21, 2026 State Library Training presentation: <https://www.in.gov/dlgf/memos-and-presentations/presentations/2026-presentations/>

*SEC. 6 (HEA 1406) – Ind. Code § 6-1.1-17-20.3 – Effective July 1, 2026*



# Binding Review Adjustment of Unit's Maximum Levy 1

- When a binding unit fails to submit its budget to the adopting unit:
  - Continuation of prior year's budget and levy no longer applies as a consequence of failing to submit.
  - Instead, the MLGQ for the binding unit alone is capped at 49% (down from 80%) of the MLGQ for the upcoming budget year.

*SEC. 6 (HEA 1406) – Ind. Code § 6-1.1-17-20.3(f) – Effective July 1, 2026*



# Binding Review Adjustment of Unit's Maximum Levy 2

- This is a one-time adjustment.
- Does NOT affect the maximum levy of the affected unit going forward.
  - The following year's maximum levy is calculated as if the unit's MLGQ was not adjusted, provided that the actions required by Ind. Code § 6-1.1-17-20 or 20.3 are being done properly.
  - No compounding effect.

*SEC. 43-44 (HEA 1427) – Ind. Code § 6-1.1-17-20; 20.3 – Effective July 1, 2025*



# Contract Upload Requirements – Municipal Advisor Contracts 1

- HEA 1210 adds a new section of code detailing requirements for contracts between a municipal entity and a municipal advisor in effect on or after Jan. 1, 2026.
- The statute provides definitions for:
  - “municipal advisor”
  - “municipal entity”
  - “municipal financial products”
  - “obligated person”
  - "solicitation of a municipal entity or obligated person“.

*SEC. 19 (HEA 1210) – Ind. Code § 5-1-14-19 – Effective upon passage*



# Contract Upload Requirements – Municipal Advisor Contracts 2

- If municipal entity hires or retains a municipal advisor, the municipality must:
  - Publish the contract in a prominent location on the municipality's website;
  - Upload the contract into Gateway.

*SEC. 19 (HEA 1210) – Ind. Code § 5-1-14-19 – Effective upon passage*



# Contract Upload Requirements – Municipal Advisor Contracts 3

- The following deadlines apply:
  - **Deadline was April 15, 2026:**
    - if contract was entered into before January 1, 2026 but was still in effect on January 1, 2026;
    - if contract was entered into between January 1, 2026 and before March 1, 2026.
  - **Deadline is 30 days after the contract is executed:**
    - if contract is entered into on or after March 1, 2026.

*SEC. 19 (HEA 1210) – Ind. Code § 5-1-14-19 – Effective upon passage*



# Contract Upload Requirements – Annual Affirmations

- HEA 1210 adds to the annual affirmations that the fiscal officer of a political subdivision must submit to the Department each year by March 2 regarding uploaded contracts.
- In addition to the existing affirmation for fire/EMS contract uploads, fiscal officers must now submit an affirmation to the Department that the political subdivision has uploaded any contract from the preceding year if the total cost of the contract exceeds \$50,000 during the term of the contract.
- As with current law, the Department is statutorily prohibited from approving the unit's budget without this attestation.

*SEC. 65 (HEA 1210) – Ind. Code § 6-1.1-17-5.4 – Effective July 1, 2026*



# Contract Upload Requirements – Guaranteed Energy Savings Contracts

- HEA 1210 provides that governing bodies of a political subdivision shall upload a guaranteed energy savings contract via Gateway instead of providing the contract to the director of the Department.
- The governing body no longer needs to:
  - make an annual report to the Department on the savings resulting from the contract or utility efficiency program the previous year; and
  - report to the Department certain information related to improvements not causally connected to a conservation measure but included in a GESC.

*SEC. 227-228 (HEA 1210) – Ind. Code § 36-1-12.5-10, -12 – Effective July 1, 2026*



# Community Mental Health Center Funding

- SEA 4 provides a county may meet the funding requirements for community mental health centers (CMHCs) required under Ind. Code § 12-29-2-2 with any funding source in lieu of or in combination with property taxes but excluding federal funds.
- Department will still provide the maximum appropriation under this statute in its July estimates.

*SEC. 5 (SEA 4) – Ind. Code § 12-29-2-2 – Effective July 1, 2028*



# Property Tax Billing

- HEA 1406 provides that, for counties using the tax bill as the notice of assessment under Ind. Code § 6-1.1-4-22 (i.e., instead of the Form 11), the treasurer must send a property tax bill to all property owners regardless of whether the property has any property tax liability.
- For taxes due and payable in 2027, the treasurer shall indicate on the tax bill whether the tax liability for Pay 2027 is less than the tax liability for Pay 2026, including the amount if applicable (already provided in TS-1 Form).

*SEC. 7 (HEA 1406) – Ind. Code § 6-1.1-22-8.1 – Effective July 1, 2026*



# Economic Development Legislation



# TIF Reporting 1

- Various TIF statutes require redevelopment commissions, before June 15 of each year, to provide written notice of available TIF excess assessed value (“TIF Passthrough”) to the county auditor, the fiscal body of the relevant county or municipality, and the officers of all other affected units.
- HEA 1210 specifies that, if a commission fails to provide the required notice by June 15, the auditor shall pass through 5% of the TIF AV to the respective taxing units.

*Various sections, HEA 1210*



# TIF Reporting 2

- BUT: If the commission notifies the auditor and the Department by July 1 that it is unable to meet debt obligations without all or part of the proceeds attributed to the AV that has been passed through to the taxing units, then the county auditor may not pass through five percent (5%) of the TIF AV to the respective taxing units.

*Various sections, HEA 1210*



# TIF Neutralization 1

- HEA 1210 amends TIF neutralization statutes to clarify that the taxing unit (auditor) will complete TIF neutralization using the form prescribed by the Department. This is largely a codification of current practice and use of the TIF Neutralization Worksheet (SF 56059).
- Under existing law, there was no statutory deadline for TIF neutralization to be completed, though the Department had historically requested forms be submitted by August 1, which was an implicit deadline due to deadline for submitting CNAVs. HEA 1210 specifies that TIF neutralization forms must now be submitted no later than July 15 of each year.

*Various sections, HEA 1210*



## TIF Neutralization 2

- HEA 1210 delays the implementation of TIF neutralization by the Department based on the effective of changing tax rates resulting year to year from the homestead standard deduction, the supplemental homestead deduction, and the deduction for 2% circuit breaker properties. This will first occur in 2027 instead of 2026.

*SEC. 31 (HEA 1210) – Ind. Code § 6-1.1-2-11 – Effective July 1, 2025*



# TIF Debt Obligations 1

- HEA 1210 amends provisions defining "residential property" for purposes of TIF base AV for an allocation area established after June 30, 2024. The definition no longer includes residential assessed value as defined for purposes of calculating the rate for the local income tax property tax relief credit (PTRC) designated for residential property under Ind. Code § 6-3.6-5-6(d)(3) (before its expiration).

*Sec. 200-201, 243-246, 250-251, 253-254, 257-258, HEA 1210*



# TIF Debt Obligations 2

- HEA 1210 requires the original owner of certain nonowner-occupied rental properties excluded from the base AV in certain TIF areas to enter into a written agreement with the development authority after construction of the property is completed, to pay a portion of property taxes for portions of outstanding bonds until the bonds are retired. Does not apply to multi-family apartments.

*Sec. 203, 238, 247, 256, 260, HEA 1210*



# TIF Debt Obligations 3

- HEA 1210 provides that, for taxing districts that include multiple TIF districts under specified chapters, the original TIF district does not expire and stays active only for the purpose of satisfying outstanding bonds issued by the subsequent TIF district, only if the redevelopment commission completes the following requirements:
  - Provides a written appeal to and receives the approval of the Department;
  - Provides written notice to SBOA of the appeal.

*Sec. 238, 248, 255, 259, HEA 1210*



# Local Income Taxes



# Local Income Taxes

- Note:
  - This webinar will only cover the changes made to Local Income Tax (“LIT”) laws that are effective July 1, 2026.
  - As originally enacted in SEA 1-2025, the overhauled LIT structure would have expired on January 1, 2028 and counties and eligible municipalities would have had to adopt new ordinances starting in 2027 for collections starting in 2028.
  - HEA 1210 delays this by one year.



# Local Income Taxes - HEA 1210 – Pre-Review of Proposed Ordinances, Resolutions and Notices

- HEA 1210 – Pre-Review of Proposed Ordinances, Resolutions and Notices
- Removes the statutory Department pre-review of LIT ordinances, resolutions and notices after July 1, 2026.
- Department still able to make uniform notices, ordinances, and resolutions available for adopting bodies to use.

*SEC. 112 (HEA 1210) – Ind. Code § 6-3.6-3-2 – Effective July 1, 2026*



# Local Income Taxes - HEA 1210 – Residency in a County

- HEA 1210 – Residency in a County
- HEA 1210 clarifies that an individual is treated as a resident of the county where, if none of the other conditions specified in Ind. Code § 6-3.6-8-3 apply, the individual spent more time in Indiana during the taxable year compared to any other county.
- Addresses situation where an individual did not spend a majority of the time in a county in a given year.

*SEC. 138 (HEA 1210) – Ind. Code § 6-3.6-8-3 – Effective July 1, 2026*



# Local Income Taxes - HEA 1210 – Reporting by Local Officials of Geographic Data

- HEA 1210 – Reporting by Local Officials of Geographic Data
- HEA 1210 requires the county auditor to provide to the Department and the state GIS officer a certification of which taxing units comprise each taxing district in the county.
- Certification is due not later than July 1 each year; presumably begins 2026, given effective date of this section.

*SEC. 112 (HEA 1210) – Ind. Code § 6-3.6-3-2 – Effective July 1, 2026*



# Local Income Taxes - HEA 1210 – Municipal Unit Strategic Taskforce (MUST)

- HEA 1210 – Municipal Unit Strategic Taskforce (MUST)
- Purpose: to “negotiate and establish through unanimous support a local income tax distribution agreement as it pertains to the county's maximum local income tax rates under IC 6-3.6-6-2(b)(1) and IC 6-3.6-6-2(b)(4).”

*SEC. 122 (HEA 1210) – Ind. Code § 6-3.6-3-13 – Effective upon passage*



# Local Income Taxes - HEA 1210 – Municipal Unit Strategic Taskforce (MUST)

- HEA 1210 – Municipal Unit Strategic Taskforce (MUST)
- Each county may, before October 1, 2026, convene a MUST with:
  - 1 representative from the county council (statute does not explicitly require this to be a representative from the membership of the council); and
  - The fiscal officer from each city and town in the county.
- The committee may not include representatives from the fire protection and emergency medical services as defined in Ind. Code § 6-3.6-6-4.3 and nonmunicipal civil taxing units as defined in Ind. Code § 6-3.6-6-0.5.

*SEC. 122 (HEA 1210) – Ind. Code § 6-3.6-3-13 – Effective upon passage*



# Local Income Taxes - HEA 1210 – Municipal Unit Strategic Taskforce (MUST)

- HEA 1210 – Municipal Unit Strategic Taskforce (MUST)
- *If* a MUST establishes a local income tax distribution agreement, the county shall send the agreement to the Department.
- Department will compile all submitted agreements into a report to be submitted to the Legislative Council by December 1, 2026.

*SEC. 122 (HEA 1210) – Ind. Code § 6-3.6-3-13 – Effective upon passage*



# Local Income Taxes

- LIT changes made by HEA 1210 with later effective dates:
- Levy freeze stabilization fund (Sec. 69, effective January 1, 2029)
- Distribution of LIT revenue (Sec. 127, 128, 129, 130, 133, 142, effective July 1, 2028)
- Reporting of debt obligations (Sec. 113, effective July 1, 2027)
- Minimum required LIT rate to pay debt obligations (Sec. 124, effective July 1, 2028)



# Local Income Taxes

- LIT changes made by HEA 1210 with later effective dates:
- Continuation of LIT rate to pay debt obligations (Sec. 115, 132, effective July 1, 2028)
- Identification of local taxpayer, residency in municipality (Sec. 139, effective January 1, 2029)
- Maximum rate adjustments (Sec. 121, effective July 1, 2028)
- Special purpose rates (Sec. 134, 135, 137, effective January 1, 2029, July 1, 2028, and January 1, 2028, respectively)



# School Funding Legislation



# Alternative Procedures related to School Refunding Bonds

- HEA 1210 adds Ind. Code § 5-1-5-2.6 as a new section that provides an alternative path for schools issuing refunding bonds.
- Serves as an alternative to Ind. Code § 5-1-5-2.5, which provides for a school to be certified as eligible to issue refunding bonds when the impact of credits under Ind. Code § 6-1.1-20.6 to the school's debt service fund and operations fund add up to at least 20% of the operations fund levy.

*SEC. 15 (HEA 1210) – Ind. Code § 5-1-5-2.6 – Effective upon passage*



# Alternative Procedures related to School Refunding Bonds

- To be certified as an eligible school corporation under Ind. Code § 5-1-5-2.6, the school must meet two requirements:
  - the percentage computed under the statutory formula (measuring the impact of credits granted under Ind. Code § 6-1-20.6 to the operations fund for the school corporation) is at least sixty percent (60%); and
  - issuing refunding bonds will not reduce revenue to other local units in the same county.
- Schools wishing to utilize this procedure must submit a written request to the Department, which then has 30 days to issue a determination.
- More information forthcoming.

*SEC. 15 (HEA 1210) – Ind. Code § 6-1.1-2-11 – Effective July 1, 2025*



# Fire Funding Legislation



# Population-Based Fire Maximum Levy Adjustments (“1065 Appeals”)

- HEA 1210 repeals Ind. Code § 6-1.1-18-29 and -29.5.
- These two sections allowed fire protection districts and fire territories to seek an increase to their fire maximum levies based on population increases over a specified amount.
- These levy adjustments are no longer available starting with Pay 2027.

*SEC. 67-68 (HEA 1210) – Ind. Code § 6-1.1-18-29, -29.5 – Effective upon passage*



# Population-Based Fire Maximum Levy Adjustments (“1065 Appeals”)

- HEA 1210 amends Ind. Code § 6-1.1-18-28 by further limiting the townships that qualify for a levy adjustment.
- Township must have:
  - previously submitted a petition or petitions under the statute after 2016;
  - received levy adjustments attributable to one or more rate increases adding up to 0.15; and
  - CNAV growth over the last two years between 2x and 4x the MLGQ for the preceding year.

*SEC. 66 (HEA 1210) – Ind. Code § 6-1.1-18-28 – Effective upon passage*



# Population-Based Fire Maximum Levy Adjustments (“1065 Appeals”)

- Very few townships will qualify.
- Deadline for petitions changed to June 1 from April 1.

*SEC. 66 (HEA 1210) – Ind. Code § 6-1.1-18-28 – Effective upon passage*



# Fire Protection Levy and Rate Controls

- HEA 1210 specifies that a fire district established on or after January 1, 2026 is subject to a \$0.40 rate cap, which will be applied to the sum of all of the district's levy-supported funds.
- Fire districts that were established before January 1, 2026 and extended after that date would presumably not be subject to the \$0.40 cap.
- However, if a district were dissolved and a new district subsequently established after January 1, 2026, the rate cap would apply.

*SEC. 273 (HEA 1210) – Ind. Code § 36-8-11-16 – Effective January 1, 2026*



# Fire Protection Levy and Rate Controls

- HEA 1210 amends Ind. Code § 36-8-19-7 to make changes to the rate caps that apply to fire territories.

*SEC. 276 (HEA 1210) – Ind. Code § 36-8-19-7 – Effective January 1, 2026*



# Fire Protection Levy and Rate Controls

Fire Territory - Condition	Ind. Code Cite	Rate Cap	Cap applies to
Established before January 1, 2025, no change in boundaries	36-8-19-7	No rate cap	N/A
Established on or after January 1, 2025	36-8-19-7(d)	\$0.40	<b>Pay 2026:</b> Operating Fund, Equipment Replacement Fund, and any Debt Service Fund <b>Pay 2027:</b> Operating Fund only <b>Pay 2028 and after:</b> Operating Fund, Equipment Replacement Fund
Established before January 1, 2025, change in boundaries in 2025	36-8-19-7(f)	Pay-2026 certified rate	Operating Fund only
Established territory, change in boundaries in 2026 and after	36-8-19-7(e)	\$0.40	Operating Fund only

*SEC. 276 (HEA 1210) – Ind. Code § 36-8-19-7 – Effective January 1, 2026*



# Fire Territory Equipment Replacement Fund

- HEA 1210 specifies that the equipment replacement fund for a fire protection territory is included in the maximum levy of the territory. This will apply to all territories supported with equipment replacement funds regardless of when the territory was established.
- Will first apply to Pay 2028 taxes.

*SEC. 278 (HEA 1210) – Ind. Code § 36-8-19-8.5 – Effective July 1, 2027*



# Additional Information

- Additional information related to the various legislative changes from the 2026 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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