

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Counties, Cities, Townships, and Public Libraries
FROM: Brian Bailey, Commissioner *BEB*
RE: Additional Appropriations, HEA 1072, IC 6-1.1-18-5
DATE: May 24, 2012

INTRODUCTION

On March 19, 2012, Governor Mitch Daniels signed House Enrolled Act 1072-2012 ("HEA 1072"). Effective July 1, 2012 section 29 of HEA 1072 changes the procedures that certain political subdivisions must undergo when adopting additional appropriations. This memorandum covers these changes.

ADDITIONAL APPROPRIATIONS ADOPTED BY FISCAL BODY OR LEGISLATURE

New subsection IC 6-1.1-18-5(j) applies to a political subdivision that must have its annual appropriations and annual tax levy adopted by either:

- (1) a city, town, or county fiscal body under IC 6-1.1-17-20; or
- (2) a legislative or fiscal body under IC 36-3-6-9.

The fiscal or legislative body of the city, town, or county that adopted the political subdivision's annual appropriation and annual tax levy must adopt the additional appropriation by ordinance before the Department of Local Government Finance may approve the additional appropriation.

ADDITIONAL APPROPRIATIONS ADOPTED BY PUBLIC LIBRARY

New subsection IC 6-1.1-18-5(k) applies to a public library that

- (1) is required to submit the public library's budgets, tax rates, and tax levies for nonbinding review under IC 6-1.1-17-3.5; and
- (2) is not required to submit the public library's budgets, tax rates, and tax levies for binding review and approval under IC 6-1.1-17-20.

If a public library subject to IC 6-1.1-18-5(k) proposes to make an additional appropriation for a year, and the additional appropriation would result in the library's budget for that year increasing (as compared to the previous year) by a percentage that is greater than the result of the assessed value growth quotient ("AVGQ") determined under IC 6-1.1-18.5-2 for the calendar year minus

one (1), the additional appropriation must first be approved by the city, town, or county fiscal body described in IC 6-1.1-17-20.3(c) or IC 6-1.1-17-20(d), as appropriate.

Example: A public library submits a proposed budget, tax rate, and tax levy for nonbinding review as required under IC 6-1.1-17-3.5. The library proposes an additional appropriation that would increase the library's budget for that year to \$110,000. The library's budget for the previous year was \$100,000. The additional appropriation would increase the budget by ten percent (10%) over the previous year. The AVGQ for the calendar year is 1.05. The AVGQ minus one (1) is 0.05, which expressed as a percentage is five percent (5%). This percentage is less than the percentage that the additional appropriation would increase the budget compared to the previous year (5% < 10%). The library's additional appropriation must be approved by the city, town, or county fiscal body, whichever is appropriate.

CONTACT INFORMATION

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