

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Cities, Towns, and Townships
FROM: Michael E. Duffy, Staff Attorney *MED*
RE: Fire Protection Territory Establishment
DATE: July 1, 2013

Introduction

Due to widespread compliance issues with IC 36-8-19-6(b) by units petitioning the Department of Local Government Finance ("Department") for an initial maximum levy for a proposed fire protection territory ("territory"), the Department issues this memorandum and presentation template to facilitate compliance with IC 36-8-19-6(b). Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law. Also, the Department cannot pre-approve legal, advertising, or financial documentation. Full compliance with IC 36-8-19-6(b) (including use of the attached template) does not guarantee approval of a petition; the Department evaluates petitions in their entirety.

Indiana Code 36-8-19-6(b)

Before the legislative body of a unit may adopt an ordinance or a resolution to form a territory, the legislative body must, at the public hearing held at least thirty days before adopting the ordinance or resolution, make available to the public the following information:

(A) The property tax levy, property tax rate, and budget to be imposed or adopted during the first year of the proposed territory for each of the units that would participate in the proposed territory.

The units should document how the territory's budgets, rates, and levies are broken down for each of the participating units. This breakdown should mirror the data in the units' published notices. For instance:

Fire Protection Territory A:

First Year Proposed Budget: \$750,000

First Year Proposed Levy: \$750,000

First Year Proposed Rates (Uniform): \$0.01 total (includes \$0.005 for equipment replacement fund)

Participating Unit B (Assessed Value of Unit B is \$50,000,000):

First Year Proposed Budget: \$750,000, of which Unit B bears two-thirds

First Year Proposed Rates (Uniform): \$0.01 total (includes \$0.005 for equipment replacement fund)

First Year Proposed Levy (Unit's share): \$500,000 (\$0.01 applied to \$50,000,000)

Participating Unit C (Assessed Value of Unit C is \$25,000,000):

First Year Proposed Budget: \$750,000, of which Unit C bears one-third

First Year Proposed Rates (Uniform): \$0.01 total (includes \$0.005 for equipment replacement fund)

First Year Proposed Levy (Unit's Share): \$250,000 (\$0.01 applied to \$25,000,000)

(B) The estimated effect of the proposed reorganization in the following years on taxpayers in each of the units that would participate in the proposed territory, including the expected property tax rates, property tax levies, expenditure levels, service levels, and annual debt service payments.

The units should document for the territory's initial year and at least one following year (preferably at least two following years) at least the following for each participating unit: the expected 1) rates, 2) levies, 3) expenditure levels, 4) service levels, and 5) annual debt service payments. If the units do not anticipate debt service payments, the units should state this. Likewise, if service levels are not anticipated to change, the units should indicate this. However, the units should not simply say that they assume rates, levies, and expenditures will remain the same in future years. The units should provide reasonable estimates of rates, levies and expenditures for future years, taking into account changing assessed valuations, the assessed value growth quotient, and inflation. While the Department understands that such projections may not be precise, taxpayers deserve the most accurate and available information possible.

(C) The estimated effect of the proposed reorganization on other units in the county in the following years and on local option income taxes, excise taxes, and property tax circuit breaker credits.

The units should document for the territory's initial year and at least one following year (preferably at least two following years) at least the following for at least those units in the county underlying or overlapping the petitioning units: the estimated effects on 1) local option income taxes, 2) excise taxes, and 3) circuit breaker credits. In other words, the units should list each unit in the county and the corresponding fluctuations in local option income taxes, excise taxes, and circuit breaker credits for those units in the territory's initial year and at least one following year (preferably at least two following years). Again, the Department understands that these figures will be projections and that a number of variables will affect the actual numbers, but the units should offer taxpayers some concrete estimates and not just generic statements.

(D) A description of the planned services and staffing levels to be provided in the proposed territory.

The units should provide a reasonably detailed summary of the services and staffing the territory intends to provide. If the units do not anticipate changing existing services or staffing, they should say so, but also offer some overview of the existing services and staffing.

(E) A description of any capital improvements to be provided in the proposed territory.

The units should provide a reasonably detailed summary of any anticipated capital improvements. The units should say more than simply that they may purchase things like radios or fire apparatus. Likewise, if the units do not anticipate any capital improvements, they should say so and explain why they will impose an equipment replacement fund tax rate even though they have no anticipated capital needs.

Summary

In sum, the above addresses what units should do at an absolute minimum to satisfy IC 36-8-19-6(b). Units should feel free to document more than the minimum amount of required information. The Department requests that units use the attached template to document the information required by IC 36-8-19-6(b) to be made available to taxpayers at the first public hearing. The Department notes that all of the above information should be made available in writing to taxpayers and the Department. Questions may be directed to Staff Attorney Mike Duffy at 317-233-9119 or mduffy@dlgf.in.gov. The Department reiterates that it cannot pre-approve legal, advertising, or financial documentation.

PRESENTATION TEMPLATE

(A) The property tax levy, property tax rate, and budget to be imposed or adopted during the first year of the proposed territory for each of the units that would participate in the proposed territory (add additional lines for other participating units).

		First Year of FPT
Unit 1	Budget	
	Rate	
	Levy	
Unit 2	Budget	
	Rate	
	Levy	
Unit 3	Budget	
	Rate	
	Levy	

(B) The estimated effect of the proposed reorganization in the following years on taxpayers in each of the units that would participate in the proposed territory, including the expected property tax rates, property tax levies, expenditure levels, service levels, and annual debt service payments (add additional lines for other participating units).

	First Year of FPT	Year 2	Year 3	Year 4
Unit 1	Expenditures			
	Rate			
	Service Levels			
	Annual Debt Service Payments			
	Levy			
Unit 2	Expenditures			
	Rate			
	Service Levels			
	Annual Debt Service Payments			
	Levy			
Unit 3	Expenditures			
	Rate			
	Service Levels			
	Annual Debt Service Payments			
	Levy			

(C) The estimated effect of the proposed reorganization on other units in the county in the following years and on local option income taxes, excise taxes, and property tax circuit breaker credits (add additional lines for other units).

		First Year of FPT	Year 2	Year 3	Year 4
County Unit 1	LOIT				
	Excise				
	Circuit Breakers				
County Unit 2	LOIT				
	Excise				
	Circuit Breakers				
County Unit 3	LOIT				
	Excise				
	Circuit Breakers				
County Unit 4	LOIT				
	Excise				
	Circuit Breakers				
County Unit 5	LOIT				
	Excise				
	Circuit Breakers				
County Unit 6	LOIT				
	Excise				
	Circuit Breakers				
County Unit 7	LOIT				
	Excise				
	Circuit Breakers				

(D) A description of the planned services and staffing levels to be provided in the proposed territory.

Planned Services
Staffing Levels

