DLGF Update

Courtney L. Schaafsma, CGFM
Commissioner
May 12, 2017
2017 So Far

- Budget orders certified by February 15.
- How can we improve our document collection?
- Agricultural base rate certified at $1,850 for 2017 Pay 2018.
  - Decrease from $1,960 for 2016 Pay 2017.
- Ratio studies – 85 approved of 87 submitted.
  - Last year – 67 approved of 74 submitted.
- Seeing growth in GAV in many counties.
Protected Taxes Waiver

- Deadline was May 1 to submit for a waiver from protected taxes.
- DLGF orders must be completed by June 1.
- Workbook will be provided to approved school corporations.
Protected Taxes Waiver

• The waiver from protected taxes allows a school corporation to proportionally allocate property tax cap credits to all non-exempt funds, including debt service funds.
• The waiver does not allow a school corporation to select which funds are impacted by property tax cap credits.
## Protected Taxes Waiver

<table>
<thead>
<tr>
<th>Fund</th>
<th>Tax Rate</th>
<th>% of Property Tax Cap Credits – Before Waiver</th>
<th>% of Property Tax Cap Credits – After Waiver</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>0.0000</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>0.4000</td>
<td>0%</td>
<td>30%</td>
</tr>
<tr>
<td>Pension Debt Service</td>
<td>0.2000</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>0.3000</td>
<td>40%</td>
<td>22%</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.2500</td>
<td>33%</td>
<td>18%</td>
</tr>
<tr>
<td>Bus Replacement</td>
<td>0.2000</td>
<td>27%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1.3500</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Non-Debt Service Rates</td>
<td>0.7500</td>
<td></td>
<td></td>
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Does not consider Over 65 property tax cap credit.
Protected Taxes Waiver

- The waiver statute was amended in 2016 to add the following restrictions:
  - If a school corporation in 2017 or 2018 issues new bond or lease rental agreement (not including refunding or referendum) for which it will impose a levy; AND
  - The school corporation’s total debt service levy in 2017 or 2018 is greater than the levy in 2016;
  - Then the school corporation is not eligible for the waiver.
• These restrictions will be implemented for the 2018 waiver because a school corporation can issue debt throughout 2017 but the waiver process must be completed by June 2017.

• HEA 1009 modified these restrictions to also require that the total debt service tax rate is greater than the 2016 debt service tax rate.
Reallocation

- School corporations that do not go through the waiver process have the ability to reallocate property tax cap credits among unprotected funds.
- The school corporation chooses how to reallocate the property tax cap credits.
- No DLGF approval needed.
  - Please notify field rep.
  - Workbook can be provided to assist with transfers.
## Reallocation

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Pre-Budget Worksheet

• New Gateway form released last week.
• Deadline to submit – June 5, 2017.
• All data submitted on the Pre-Budget Worksheet is estimated and non-binding.
  • Levy appeals/modifications
  • Adopting body (if separate from school board)
  • Debt worksheet including new debt and June 30 cash balances
Gateway Trainings

• Gateway trainings being held throughout the State – 19 more between May 15 and June 27.
• Morning session is hands-on in a computer lab.
• Afternoon session is a more general presentation.
• Look for dates in weekly email or contact Gateway support (gateway@dlgf.in.gov).
Assessed Value Growth Quotient

• State Budget Agency to provide by June 30.
• DLGF will release the figure on the listserv.
• AVGQ is the 6-year average growth in non-farm personal income.
• 2011 – 2016 for 2018 budgets.
JULY

- **July 14:**
  - Estimated Maximum Levies.
  - Estimated Debt Service Levies.
  - Estimated Cumulative Fund Rates.

- **July 31:**
  - Estimated Property Tax Cap Credits.*
  - Estimated Miscellaneous Revenues.

* Assumes protected taxes. Additional estimates provided assuming waiver.
Budget Process

- No major legislative changes to the budget process.
  - Final adoption date – November 1.
  - Public hearing at least 10 days before adoption.
  - Form 3 Notice to Taxpayers submitted on Gateway at least 10 days prior to public hearing.
Budget Process

• No major legislative changes to the budget process.
• CPF:
  • Notice of Hearing in newspapers at least 10 days before hearing.
  • Notice of Adoption in newspapers within 10 days of adoption.
• Bus Replacement:
  • Notice of Hearing in newspapers at least 10 days before hearing.
Newspaper Ads

• Double-check your notices before submitting to the newspaper.
  • CPF:
    • Budget by classification.
    • Property tax revenue.
  • Allocations for future projects.
• Bus:
  • Property tax revenue.
Budget 2019

• SEA 321-2016 Statutory Changes:
  • Earlier LIT estimates.
  • Parcel-level Certified Net Assessed Values.
  • Budget order deadline changes to December 31, 2018 or January 15, 2019.
  • Shortened review.
Budget 2019

• SEA 321-2016 Indirect Changes:
  • Overhaul Form 4B.
    • Flip the Form 4B (16-Line Statement) to start with maximum levy, subtract property tax cap and then work to allowable budget.
    • Remove “gross budget” and “net budget” concepts that were implemented for Budget 2017.
  • Will still exist for Budget 2018.
Budget 2019

• HEA 1009-2017 Statutory Changes:
  • Fund consolidation for schools.
  • General Fund → Education Fund
  • Operations Fund:
    • Transportation
    • Capital Projects
    • Bus Replacement
    • Art Association
    • Historical Society
    • Playground
  • Debt Funds
  • Referendum Funds
• Operations Fund Maximum Levy:
  • Transportation Levy
  • Bus Replacement Levy
  • Capital Projects Levy
  • Art Association Levy
  • Historical Society Levy
  • Playground Levy
• Feedback on new reporting format and timing
HEA 1009-2017

• DLGF is tasked with providing guidance on the transition to the extent possible.
• DLGF is to prepare a report before November 1, 2017 to identify potential issues with the legislation and whether legislation is needed to address these issues.

• We need your help in identifying what is needed!
Legislative Memos

- We will be starting to release our legislative memos soon.
- As applicable, they will be sent out on the email listserv.
  - Contact Jenny Banks if not signed up ([jbanks@dlgf.in.gov](mailto:jbanks@dlgf.in.gov)).
- They will also be posted to the DLGF’s webpage under Memos and Presentations.
Staffing Changes

• Fred Van Dorp joined the Department as our Budget Director in January.
• General Counsel Mike Duffy left on April 24.
• Linda Ebert retired on April 28.
• Additional appropriations should now be sent to a centralized mailbox: AdditionalAppropriationRequests@dlgf.IN.gov
Contact the Department

- Courtney Schaafsma, Commissioner
  - Telephone: 317.234.5720
  - Email: cschaafsma@dlgf.in.gov
- Website: www.in.gov/dlgf
  - “Contact Us”: www.in.gov/dlgf/2338.htm