
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: All School Corporations

FROM: Fred Van Dorp, Budget Director

RE: Bus Replacement Fund Maximum Levy Adjustment Petition

DATE: July 5, 2017

The Department of Local Government Finance (“Department”) reissues and updates this memorandum as a reminder to school corporations that IC 20-46-5-4 provides that a school corporation may petition the Department to adjust the school corporation’s bus replacement fund maximum levy. If a school corporation petitions the Department, the Department may make an adjustment to the school corporation’s bus replacement fund maximum levy.

A school corporation wishing to receive an adjustment to its bus replacement fund maximum levy must submit a petition to the Department explaining why the school corporation’s bus replacement fund maximum levy as adjusted annually by the assessed value growth quotient does not meet its reasonable needs.

No particular format is required for the petition, but the petition should include at least the following:

- a copy of the school corporation’s latest bus replacement plan;
- all of the school corporation’s buses by type (A - D), including any buses that represent an increased need and the year in which the need is expected to occur;
- all bus contract obligations;
- a total requested maximum levy; and
- justification of the proposed maximum levy, which should include a description of any unanticipated or extenuating circumstances (copies of invoices or other evidence of purchase may be attached to the petition).

This information should not be a substantially similar recitation of what the school corporation submitted to the Department in 2011 when the Department initially set the school corporation’s bus replacement fund maximum levy. Likewise, if the school corporation petitioned the Department in a subsequent year for an adjustment to its bus replacement fund maximum levy, the school corporation should submit new information of changed circumstances since that year. To emphasize, a petitioning school corporation should provide more than just new documentation or an amended bus replacement plan; it should demonstrate *changes in*

underlying circumstances making its current bus replacement fund maximum levy, as adjusted by the assessed value growth quotient, insufficient.

In proposing a new maximum levy, a school corporation should be mindful that IC 20-46-5-4 provides that each school corporation may only levy for a calendar year a property tax for the bus replacement fund in accordance with the school bus acquisition plan it adopted.

The Department asks that a petition be submitted to busreplacement@dlgf.in.gov no later than **Monday, August 28, 2017**.

The school corporation or appropriate fiscal body, if the school corporation is subject to binding adoption under IC 6-1.1-17-20, must properly advertise the additional levy requested in the excess levy column of the Form 3, and by building the additional levy into the fund maximum levy advertised. The school corporation or appropriate fiscal body must also properly adopt a maximum levy for the fund high enough to account for the requested increase. The bus replacement fund maximum levy approved by the Department may equal or be less than (but will not exceed) the maximum levy advertised and adopted by the school corporation or fiscal body.

The Department emphasizes that IC 20-48-1-2 prescribes that each year a debt service levy is needed for purposes of funding retirement or severance liabilities, a school corporation must reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, and art association and historical society funds, as appropriate, in an amount equal to the property tax levy needed for the debt service multiplied by an adjustment percentage. The Department cannot approve a proposed bus replacement fund maximum levy that has been padded or artificially increased in contravention of IC 20-48-1-2. In addition, the Department reaffirms that because the bus replacement plan is a twelve-year plan, costs will be apportioned over the life of the plan.

If you have any questions about please contact your county Budget Field Representative (http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf) or email busreplacement@dlgf.in.gov.