Indiana Auditor’s Association
North & South Regional Meetings

Wes Bennett, Commissioner
July 17 & July 19, 2018
Presentation Overview

• Office of Management & Budget – OMB
  • Goals, Rankings, & Results
• Mission & Values of DLGF
• Expectations
• Experience
• Initiatives
• Budgets & Best Practices
independent but collaborate with OMB
OMB Goals

- Accurate & Efficient
  - modernize systems and processes.
  - leverage data.
  - measure performance.
  - maximize assets. (Toll Road, Next Level Fund)

- Competitive
  - strong financial position. (AAA rating, balanced budgets, healthy reserves)
  - neutral & stable tax base.
  - predictable & transparent tax system.

- Taxpayer Focused
  - communicate with stakeholders.
  - seek excellent customer service.
  - make decisions and policy with eye toward taxpayer.
Indiana Rankings

- 1st (Midwest) & 9th (Nationally) Business Tax Climate (Tax Foundation 2018)
- 1st in Regulatory Environment (Forbes 2017)
- 2nd in Cost of Doing Business (CNBC 2017)
- 2nd in Cost of Living (CNBC 2017)
- 3rd in State Infrastructure (CNBC 2017)
- 4th in Property Tax Index (Tax Foundation 2018)
- 5th in Competitive Labor Environment (Area Development 2017)
- 5th in Chief Executive's 2018 Best & Worst States for Business
- 10th in Business Climate Ranking (Site Selection Magazine 2017)
• Revenues & Budget Update
• FY18 Budget was Tight
  • Balanced FY18 budget (closed June 30)
  • FY19 expected to be thin, but manageable
  • Reserves remain strong
• Revenue Lagging
  • Corporate revenues
    • $160M below forecast as of May 31
    • $336M below FY17 revenue
  • Revenue Forecast
    • revised down in December 2017 for biennium
    • reduced by $176M (FY18) and $219M (FY19)
• Corporate Income Tax
  • Drops to 5.75% on July 1, 2018
  • Drops to 4.9% by July 1, 2021
Indiana Economy

- GDP
  - $359.1B in 2017 (#16 nationally)
  - 2.1% growth in 2017 (vs 2.1% for U.S.)
- Real Per-Capita Personal Income
  - 2.2% growth in 2016 (#3 nationally)
  - U.S. growth was 0.4% in 2016
- Unemployment
  - 3.2% as of May 2018 (U.S. at 3.8%)
  - at/below U.S. rate for 4 years
  - less than all neighboring states
- Workforce Participation
  - 64.3% as of May (U.S. at 62.7%)
  - higher than U.S. rate for 4 years
Mission & Values - DLGF

The mission of the Department is to ensure a fair and equitable property tax system for Indiana taxpayers.

- Put Taxpayers First.
- Respect Local Control.
- Excellence In All We Do.
Expectations

• **On-time**: I.C. has specific deadlines for each of the following.
  • Ratio Studies.
  • Cyclical Assessments.
  • Roll & Balancing.
  • CNAV’s.
  • Budgets.
  • Tax Billing

• Everyone is expected to meet or exceed these requirements.
Expectations

• **Accurate**: It is incumbent upon everyone to be accurate.
  • Assessments of Real & PP
  • Reporting
  • Guidance and Instructions
  • Policy & Code
Expectations

- **Professional Service**: The department has high expectations of itself, and for those it partners with to provide the best and highest level of customer service possible.
Expectations

- **CE & Training**: The Department and its employees are required to enhance their knowledge and to continuously train in their respective discipline. It’s in the best interests of taxpayers for local units to do the same.
Experience

• There’s a lot to learn:
  • Assessments.
  • Timetables.
  • Rules.
  • Indiana Code.
  • School Funding.
  • New People.
Initiatives

- Budget Certification by December 31.
- On-line Personal Property Filing.
- Cyclical Reassessment.
- Update to Sales Disclosure Form.
- Updates to:
  - Website
  - Software & Databases
  - Rule-making
  - Ag Base Rate
- 2019 Session.
On-line Personal Property

- This Initiative was started by Commissioner Schaafsma.
  - RFI in Development w/INDOA.
  - Early Feedback is Positive.
  - Reduce Time, Paperwork, and Cost to File.
  - More Accurate & Timely.
Update to SDF

- This initiative is a result of discussions originating with county assessors and other stakeholders.
  - Current form is dated,
  - Cumbersome,
  - Too much paper,
  - Needs to be electronic,
Cyclical Reassessment

- The first four year cycle just concluded.
  - 25% of the parcels are assessed each year.
  - The Department oversees the process.
  - The first four year cycle went very well.
  - Parcel clean up benefited from this process.
  - Enables local assessors to better plan & manage their time.
2019 Legislative Session

• HB 1104
  • Residential Property in TIF Areas.
  • Application of Deduction & Exemptions.
• Technical Corrections:
  • Form 22 Submissions
  • GIS Coordinator
  • Tax Adjustment Board language
  • Budget Rulemaking
Other Initiatives

• Ag Base Rate: Move the date to allow for to better work flow at the county level.

• On-line Survey

• Others Yet to be Named

• Gateway Abstract
Budget Certification by 12/31

- This is a big lift for the Department.
- Six Weeks Earlier Than Usual.
- No Change to the Budget Calendar for Taxing Units.
- New Funds and Rules for Schools.
- Changing the Mindset of Thousands of Elected and Appointed Officials.
Budget; According to...

**Webster:**

**Businessdictionary.com:**
- An *estimate* of costs, revenues, and resources over a specified period, reflecting a reading of future financial conditions and goals.
Budget; According to...

- One of the most important administrative tools; a budget serves as a
  - (1) plan of action for achieving quantified objectives,
  - (2) standard for measuring performance, and
  - (3) device for coping with foreseeable adverse situations.
Budget Adoption

• Formal **process** through which the governing body of a taxing unit approves a budget.

Process:
• The process is carried out over several months time.
• It starts early and involves multiple steps.
• It’s an art and a science.
• It’s never exact; but, it is precise.
Budget Best Practices

• Set a calendar (timeline) and stick to it.
• Clearly define your goals & objectives – Collectively & Individually.
• Budget requests should reflect these goals & objectives.
• This should be a collaborative process.
• You should be “working” three budget cycles at a time. Budgeting is a never-ending process.
• Budget Virtually All Funds...including Grants, Debt, TIF’s, minor Funds, etc.
Challenges to Effective Budgeting

• Lack of Engagement.
• Lack of Comprehensive and on-going Training.
• Unclear Goals & Objectives – Short, Medium & Long-term Planning.
• Excessive Use of Additional Appropriations.
  • Thru May 31.
  • 619 Requests.
  • 105 different Funds.
  • $880,000,000.
Benefits to Adopting Best Practices

- Automation and reduction in errors.
- Ownership and accountability.
- Control over the information processes.
- Faster and more reliable reviews.
- Better and more efficient communication.
- Increased satisfaction from all stakeholders.
- Positive financial outcomes.
- Better detailed and advanced analysis.
- Strategy alignment within departments and taxing unit as a whole.
Resources

- User Guides
- Information Icons
- Training Videos
  - [www.youtube.com/user/DLGFgateway](http://www.youtube.com/user/DLGFgateway)
- DLGF Memos (Budget Calendar and more!)
  - [www.in.gov/dlgf/2444](http://www.in.gov/dlgf/2444)
- Email
- Call
Contact the Department

- Gateway Support: gateway@dlgf.in.gov
- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- Additional Appropriation email:
  - AdditionalAppropriationRequests@dlgf.in.gov
- Website: www.in.gov/dlgf
- “Contact Us”: www.in.gov/dlgf/2338.htm
- Budget Field Representative Map:
  http://www.in.gov/dlgf/files/Field_Rep_Map_Budget.pdf
Questions?