



2019 Quarterly Webinar Legislative Changes Edition

Legal Division

July 25, 2019



Webinar Agenda

- Introduction and welcome w/ Commissioner
- Legal Division Overview
- Legislative Memos Issued
- Questions



Introduction



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Legal Division Overview



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Legal Division Overview

- Responsibilities
 - Legal Representation to Department
 - Divisions: Assessment, Budget, Communications, Data, Internal Finance, and Information Systems
 - Oversee Litigation
 - Legislative
 - Ethics
 - Advise on Policy Issues
 - Contracts
 - Records Retention
 - Public Records
 - Advise on Media Relations/Communications
 - Rulemaking
 - Hearing Officers



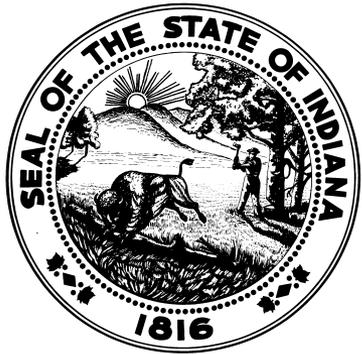
Legal Division Overview

- Legal Team
 - **Daniel Shackle**, Chief of Staff & General Counsel
 - **Dave Marusarz**, Deputy General Counsel
 - Budget Division
 - Data Division
 - Contracts
 - Records Retention
 - **Emily Crisler**, Deputy General Counsel
 - Assessment Division
 - Information Systems Division
 - Public Records
 - Legislative



Legal Division Overview

- Who is the legal division's client?
- Can not provide legal advice to local units, unless...
 - Is this a legal question that the Department must answer as part of its oversight responsibilities?
 - Local elected officials must work with their legal counsel to apply the facts to the law.
- Other ways to get help with your question
 - Website
 - Previous presentations, guidance memos, FAQs, etc.
 - Ask your associations (AIC, AIM, Auditor's, Assessor's, IASBO, etc.)



Legislative Memos



School Safety Referenda & Funding

- **Senate Enrolled Act 127**
 - Allows a school corporation to propose a referendum for a school safety referendum tax levy to improve school safety.
 - In addition to the general requirements under IC 6-1.1-20-3.5(b), proposed project must include any necessary components addressed in the most recent:
 - (1) threat assessment of the buildings within a school corporation; or
 - (2) school safety plan (IC 20-26-18.2-2(b))

Memo issued July 9, 2019 – Available [here](#)



School Safety Referenda & Funding

- **Senate Enrolled Act 127**
 - A school safety levy that is approved by a majority of voters in a referendum is exempt from the property tax caps under IC 6-1.1-20.6-9.5.
 - The proposed ballot question is subject to DLGF review, as well as the same procedures and deadlines for operating referendums.
 - A school safety levy may not be imposed for more than eight (8) years – however, the levy may be extended.
 - The proposed rate may not exceed ten cents (\$0.10).

Memo issued July 9, 2019 – Available [here](#)



School Operating Referenda

- **Senate Enrolled Act 560**
 - Moves the date for certifying a ballot question for an operating referendum from 60 days before the date of the primary election to 74 days before the date of the primary election.
 - This modified certification deadline now mirrors the deadline for controlled project referenda under IC 6-1.1-20-3.6(e).

Memo issued June 17, 2019 – Available [here](#)



School Finance

- **House Enrolled Act 1021 – Protected Tax Waivers**
 - Expands the availability of protected tax waivers for eligible school corporations through the 2023 budget year.
 - Extends back to July 1, 2016, the time period in which the school corporation and the DLGF have to look to when determining whether debt issuances trigger the comparison of the current year debt service levy and rate and the 2016 levy and rate.
 - Modifies the formula for determining eligibility.

Memo issued July 17, 2019 – Available [here](#)



School Finance

- **House Enrolled Act 1021 – Protected Tax Waivers**
 - Specifies that the DLGF shall determine the amount of credits a school corporation may allocate proportionately across all of its property tax funds.
 - A school corporation may not allocate the amount of circuit breaker credits greater than 20% of the operations fund levy of the school corporation.

Memo issued July 17, 2019 – Available [here](#)



School Finance

- **House Enrolled Act 1021 - AVGQ**
 - Specifies that all school corporations must calculate a specific assessed value growth quotient (“alternative AVGQ”) to their operations fund, instead of the AVGQ certified by the State Budget Agency.
 - A school corporation must use this alternative AVGQ if it is calculated to be greater than the certified AVGQ for that year.

Memo issued July 17, 2019 – Available [here](#)



School Finance

- **House Enrolled Act 1021 – Capital Projects/Bus Replacement**
 - No longer requires estimate of revenue sources or amount of property taxes to be collected for capital projects plan.
 - School board is no longer required to publish notice of the public hearing – instead, school must submit proposed plan to Gateway at least 10 days before the hearing.
 - Once a proposed plan is adopted by the school board, the adopted plan must be uploaded to Gateway within 30 days of adoption.

Memo issued July 17, 2019 – Available [here](#)



Cancellation of Taxes

- **House Enrolled Act 1427**
 - Transfers the authority to cancel property taxes, delinquencies, fees, special assessments, and penalties on real property owned by a county, municipality, township, or port authority to the county executive as of July 1, 2019.
 - After July 1, 2019, the DLGF will longer take action on any petitions for the cancellation of taxes.

Memo issued July 12, 2019 – Available [here](#)



Community Mental Health Center Funding

- **House Enrolled Act 1427**
 - Provides a new formula for calculating county funding for community mental health centers (for all counties except Marion Co.) where the appropriation will equal the prior year's appropriation multiplied by a prorated assessed value growth quotient.
 - The prorated assessed value growth quotient is based on the tax cap loss percentage in the county's controlled funds.

Memo issued June 21, 2019 – Available [here](#)



Residential TIF Districts

- **Senate Enrolled Act 566**
 - Permits a redevelopment commission to establish a program for residential housing development and a tax increment funding allocation area for the program.
 - Program may be established if during the last three (3) years, the average of new, single family residential houses constructed is less than 1% of the total number of single family residential houses within the area on January 1st

Memo issued June 17, 2019 – Available [here](#)



Residential TIF Districts

- **Senate Enrolled Act 566**
 - Before formal submission of any residential housing development program to the RDC, the department of redevelopment must:
 - (1) Consult with interested or affected persons
 - (2) Provide affected associations, residents, and assessors with an opportunity to participate in planning, implementing and evaluation the proposal.
 - (3) Hold public meetings in the affected area.
 - Outlines the allocation of TIF dollars under IC 36-7-14-56.
 - Specifies the DLGF and the county or municipal agency must determine whether the eligibility qualifications have been met.

Memo issued June 17, 2019 – Available [here](#)



Township Capital Improvement Plans

- **House Enrolled Act 1177**
 - Requires a township to adopt a capital improvement plan if the township's capital improvement funds exceed:
 - 150% of the township's total annual budget estimate prepared under IC 6-1.1-17-2 for the ensuing year;
and
 - \$200,000.
 - The DLGF will prescribe the format for capital improvement plans by September 1, 2019.

Memo issued June 17, 2019 – Available [here](#)



Assessment Matters

- **House Enrolled Act 1427**
 - Amends the definition of “owner” to delete reference to a holder of a tenancy for a term of years.
 - Specifies that the basis of the acquisition cost for depreciable personal property acquired in like-kind exchanges must be reported as:
 - (1) net book value of depreciable personal property traded; plus
 - (2) any cash boot added to the exchange.
 - Specifies that the DLGF is no longer required to be a party to professional appraiser and software vendor contracts.

Memo issued June 17, 2019 – Available [here](#)



Assessment Matters

- **House Enrolled Act 1427**
 - Requires professional appraiser contracts to be uploaded to Gateway within 30 days of execution.
 - Specifies that all contracts with professional appraisers must include a provision stating that the contract is void and unenforceable if:
 - (1) the appraiser is not certified by the DLGF on the date that the contract is executed; or
 - (2) the DLGF subsequently revokes the professional appraiser's certification under IC 6-1.1-31.7-4 after the contract is executed.
 - Requires the county to upload software vendor contracts to Gateway no later than 3 days after execution.

Memo issued June 17, 2019 – Available [here](#)



Assessment Matters

- **House Enrolled Act 1305 – Gas & Oil Wells**
 - Allows local assessing officials to impose a \$25 penalty against owners of oil or gas interests who fail to timely file property schedules by May 15, and an additional 10% penalty if the taxpayer fails to file the schedule within 30 days after May 15.
- **House Enrolled Act 1345 – Land in Inventory**
 - Specifies that land in inventory acquired by a for-profit land developer from a school or local unit of government must be assessed at the agricultural land base rate for the first assessment date after acquisition.

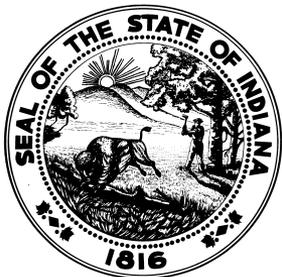
Memo issued June 17, 2019 – Available [here](#)



Gateway Submissions & Local Budgets

- **House Enrolled Act 1427**
 - Specifies that valid notice has been provided if a budget notice is published or submitted to Gateway contains an error or omission that is less than 0.1%.
 - Specifies that budget estimates submitted to the DLGF must take into account all payments for debt service obligations that are to be made during the ensuing year.
 - Provides that budget public notices must also include the percentage change between the current and proposed tax levies of each fund, as well as the time and place where the unit will meet to fix the budget, tax rate, and levy.

Memo issued June 17, 2019 – Available [here](#)



Mayoral Vetoes

- **House Enrolled Act 1427**
 - Provides that if an ordinance fixing a budget, tax rate, and tax levy is vetoed or considered vetoed by the city executive after October 1, the city's legislative body has thirty (30) days from the effective date of the veto to override the veto and fix the budget for the ensuing budget year.

Memo issued June 17, 2019 – Available [here](#)



Form 4 Submissions

- **House Enrolled Act 1427**
 - Specifies that political subdivisions and school corporation must upload their budget adoption documentation (“Form 4”) to Gateway not later than 5 business days after the budget is adopted.
 - Failure to upload Form 4 within 5 business days may result in the continuation of the previous year’s budget.

Memo issued June 17, 2019 – Available [here](#)



Levy Increases & Additional Appropriations

- **House Enrolled Act 1427**
 - Requires political subdivisions to conduct a readoption hearing for all levy increase requests (“16(l) Adjustments”), and notice of the readoption hearing must be posted to Gateway not later than 48 hours before the readoption hearing.
 - Clarifies that additional appropriation requests to the DLGF are only required for those funds that are reviewed by the DLGF when certifying a unit’s budget, tax rate, or tax levy – as outlined under IC 6-1.1-17-16.

Memo issued June 17, 2019 – Available [here](#)



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Memo issued June 17, 2019 – Available [here](#)



Training of Elected Officials

- **House Enrolled Act 1427 – Newly Elected Officials**
 - Requires circuit court clerks, county auditors, county treasurers, county records, and county surveyors to complete 5 hours of newly elected official training before taking office – newly elected official training hours will count towards the required general training hours.
- **House Enrolled Act 1427 – Training Fund**
 - Provides that money in the county elected officials training fund may be used for: (1) travel, lodging, and related training expenses; and (2) training of one or more designees of a county elected official.

Memo issued June 17, 2019 – Available [here](#)



Training of Elected Officials

- **House Enrolled Act 1427 – Clerk & Fiscal Officers**
 - Requires the clerk and the fiscal officer of all cities and towns to complete at least:
 - 14 hours of training courses within one (1) year; and
 - 36 hours of training courses within three (3) years.
 - Specifies that these training hours must be completed for each term that the individual is elected or appointed to office.

Memo issued June 17, 2019 – Available [here](#)



Deductions & Exemptions

- **Senate Enrolled Act 280 – Over 65 Deduction**
 - Increases the AV limitation from \$182,420 to \$200,000.
 - Increases the deduction amount from \$12,480 to \$14,000.
 - Increases the AGI limitation from \$25,000 to:
 - (1) Single Return (\$30,000)
 - (2) Joint Return (\$40,000)
 - (3) Sharing Ownership of Property as Joint Tenants (\$40,000)
 - Specifies that for purposes of determining AV, increases due solely to an annual adjustment are not considered.

Memo issued June 21, 2019 – Available [here](#)



Deductions & Exemptions

- **Senate Enrolled Act 280 – Disabled Veteran Deduction**
 - Increases the AV limitation from \$175,000 to \$200,000.
 - Increases the deduction amount from \$12,480 to \$14,000.
 - Specifies that for purposes of determining AV, increases due solely to an annual adjustment are not considered.
 - Beginning with taxes due in 2021, surviving spouses of service members killed while engaged in military duties will be entitled to the same deduction as disabled veterans.

Memo issued June 21, 2019 – Available [here](#)



Deductions & Exemptions

- **Senate Enrolled Act 280 – Over 65 Circuit Breaker Credit**
 - Increases the AV limitation from \$160,000 to \$200,000.
 - Specifies that for first-time filers, the AV limitation of \$200,000 applies to all real property owned – not just the homestead property.
 - Specifies that for purposes of determining AV, increases due solely to an annual adjustment are not considered.

Memo issued June 21, 2019 – Available [here](#)



Deductions & Exemptions

- **Senate Enrolled Act 171 – Tax Incentive Repeal**
 - Repeals the following tax incentives:
 - (1) Veterans’ Mortgage Deduction (IC 6-1.1-12-17.5)
 - (2) Coal Conversion System Deduction (IC 6-1.1-12-31)
 - (3) Coal Combustion Product Deduction (IC 6-1.1-12-34.5)
 - (4) Aircraft Deduction (IC 6-1.1-12.2)
 - (5) Intrastate Aircraft Deduction (IC 6-1.1-12.3)
 - (6) Recycled Coal Combustion Byproduct Personal Property Deduction (IC 6-1.1-44)

Memo issued June 21, 2019 – Available [here](#)



Deductions & Exemptions

- **Senate Enrolled Act 171 – Mobile Home Deductions**
 - Specifies that the filing deadline for mobile home deductions is the same as the deadline for real property - including:
 - (1) Mortgage Deduction (IC 6-1.1-12-2)
 - (2) Over 65 Deduction (IC 6-1.1-12-10.1)
 - (3) Blind or Disabled Deduction (IC 6-1.1-12-12)
 - (4) Disabled Veteran Deduction (IC 6-1.1-12-15)
 - (5) Surviving Spouse of a WWI Veteran Deduction (IC 6-1.1-12-17)
 - (6) Solar Energy Heating/Cooling System Deduction (IC 6-1.1-12-27.1)
 - (7) Wind Power Device Deduction (IC 6-1.1-12-30)
 - (8) Hydroelectric Power/Geothermal Energy Deduction (IC 6-1.1-12-35.5)
 - (9) Homestead Standard Deduction (IC 6-1.1-12-37)

Memo issued June 21, 2019 – Available [here](#)



Deductions & Exemptions

- **House Enrolled Act 1427 – Deduction Reapplication**
 - Removes the previous reapplication requirements under HEA 1450-2017 – which required homeowners to reapply for the Homestead Deduction, the Over 65 Deduction, and the Over 65 Circuit Breaker Credit in the case of divorce, marriage, or joint ownership.
 - Provides that if any of these deduction were terminated between July 1, 2017 and April 30, 2019, for failure to reapply after a divorce, marriage, or subsequent joint ownership, the county auditor must retroactively reinstate the deduction or credit if the taxpayer provides proof that they would have been eligible.

Memo issued June 21, 2019 – Available [here](#)



Deductions & Exemptions

- **House Enrolled Act 1427 – Exemption Extension**
 - Provides that a taxpayer seeking an exemption for property used for educational, religious, or charitable purposes under IC 6-1.1-10-16 may file an exemption application up to 30 days after the deadline – if a late fee of \$25/day or \$250 (whichever is lesser) is paid.
- **Senate Enrolled Act 233 – BPP Exemption**
 - Increases the acquisition cost threshold for the BPP exemption from \$20,000 to \$40,000.
 - Requires the assessing official to provide notice to taxpayers that are required to file a BPP return.

Memo issued June 21, 2019 – Available [here](#)



Questions?



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