

**DEPARTMENT OF LOCAL GOVERNMENT FINANCE
100 NORTH SENATE AVENUE
IGC-N, ROOM N1058
INDIANAPOLIS, INDIANA 46204**

**IN THE MATTER OF THE REVIEW)
OF PROPOSED LANGUAGE FOR A)
BALLOT QUESTION REGARDING) No. 23-011-REF
LAKE STATION COMMUNITY)
SCHOOL CORPORATION,)
LAKE COUNTY)**

**FINDINGS AND FINAL DETERMINATION ON PROPOSED QUESTION SUBMITTED
MAY 10, 2023**

1. Lake Station Community School Corporation (“Corporation”) proposes to place an operating referendum on the ballot for the purpose of continuing a referendum tax levy.
2. Under Indiana law, voters in the area served by the Corporation will vote in a referendum to approve or deny the Corporation’s proposed tax rate. Pursuant to IC 20-46-1-8.5, a resolution to extend a referendum levy must be adopted by the governing body of a school corporation and approved in a referendum before December 31 of the final calendar year in which the school corporation’s previously approved referendum levy is imposed.
3. Indiana law governs the format and wording of the ballot question for the referendum.
4. Under Indiana law, the “question to be submitted to the voters in the referendum **must read as follows**”:

"Shall the school corporation continue to impose increased property taxes paid to the school corporation by homeowners and businesses for _____ (insert number of years) years immediately following the holding of the referendum for the purpose of funding _____ (insert short description of purposes)? The property tax increase requested in this referendum was originally approved by the voters in _____ (insert the year in which the referendum tax levy was approved) and if extended will increase the average property tax paid to the school corporation per year on a residence within the school corporation by _____% (insert the estimated average percentage of property tax increase on a residence within the school corporation) and if extended will increase the average property tax paid to the school corporation per year on a business property within the school corporation by _____% (insert the estimated average percentage of property tax increase on a business within the school corporation)."

Indiana Code 20-46-1-10.1, as amended by House Enrolled Act 1454-2023, Section 154 (“HEA 1454,” effective July 1, 2023) (emphasis added). The number of years for which a referendum tax levy may be extended if the public question under this section is approved may not exceed eight (8) years.

5. The ballot question then must contain five parts:
 - The number of calendar years for which the tax will be in effect.
 - The purpose of the funding.
 - The name of the school corporation.
 - The year in which the initial referendum was originally approved.
 - The estimated average percent increase of taxes paid to the school corporation on residential and business property if the taxes are approved in the referendum, as certified by the county auditor under IC 20-46-1-10.1(d).
6. The law requires the Department of Local Government Finance (“Department”) to review the language for compliance with IC 20-46-1-10.1. The Department may either approve or reject the language.
7. On May 10, 2023, the Department received a resolution from the Corporation presenting the proposed ballot question for the referendum to be held in November 2023. The proposed ballot question is as follows:

“Shall Lake Station Community Schools continue to impose increased property taxes paid to the School Corporation by homeowners and businesses for eight (8) years immediately following the holding of the referendum for the purpose of funding school bus transportation, maintaining and expanding academic programs, recruitment and retention of teachers and staff, student safety and security services, and other educational needs?” The property tax increase requested in this referendum was originally approved by the voters in 2017 and originally increased the average property tax paid to the School Corporation per year on a residence within the School Corporation by 47.13% and originally increased the average property tax paid to the School Corporation per year on a business property within the School Corporation by 55.83%.”

(Bold text in original.)

8. The resolution represents that the referendum tax rate proposed by the Corporation is \$0.54 per \$100 assessed valuation.
9. The Corporation previously held a referendum in 2017.
10. On May 10, 2023, the Department received from the Corporation, pursuant to IC 20-46-1-10(e), the estimated average percent increase to homesteads and business property, respectively, of the property taxes that would be imposed by the Corporation if the referendum passes, as certified by the Lake County Auditor.

Estimate of Average Percent Increase in Taxes

11. The estimated average percent increase in taxes, as certified by the Lake County Auditor under IC 20-46-1-10(e), is **47.13%** for homesteads and **55.83%** for business property.

Compliance of Language

12. The Department must review the proposed language for compliance with IC 20-46-1-10.1. The Department may either approve or reject the language. The Department makes the following recommendations to the proposed question:

- Unbold the bold text in the first sentence of the proposed question. IC 20-46-1-10.1 does not prescribe that any part of the proposed question be in bold text.
- Move the ending quotation mark after “needs?” to the end of the proposed question, after “55.83%.”
- After a cursory review of the Lake County Auditor’s certified estimated tax impact, the Department discovered that the amounts to be used in Step Two of IC 20-46-1-10.1(d), were \$45,000 and 35%, respectively. Step Two of IC 20-46-1-10.1(d) requires applying the amount of the standard deduction under IC 6-1.1-12-37 and the supplemental deduction under IC 6-1.1-12-37.5 to the average assessed value of a homestead located in the school corporation. The standard deduction amount under IC 6-1.1-12-37 is \$48,000 for taxes payable starting in 2023. The supplemental deduction amount under IC 6-1.1-12-37.5 is 40% for taxes payable in 2024, as amended by House Enrolled Act 1499-2023. Therefore, the Department believes the estimated average percentage for homesteads is mathematically inaccurate and recommends the Corporation and the Lake County Auditor make appropriate corrections.
- The proposed question uses the phrase “originally increased” in reference to the estimated tax impact for both homestead and business property. HEA 1454 changed this wording in the statutory form of the question to “if extended will increase.” Although HEA 1454 is effective on July 1, 2023, IC 20-46-1-10.1(b) provides the form of question “to be submitted to the voters,” which is expected to happen after July 1, 2023. Therefore, it is necessary to change “originally increased” to “if extended will increase” in the appropriate places for the updated language to be in the question that will ultimately be submitted to the voters.

Final Determination

WHEREFORE, based on the above findings and applicable law, the Department finds that the proposed language is not in compliance with IC 20-46-1-10.1 and does not approve the language as proposed.

Dated this 19th day of May, 2023.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Wesley R. Bennett

Wesley R. Bennett, Commissioner
Department of Local Government Finance