

SPECIAL DISTRICTS

ISSUED BY STATE BOARD OF ACCOUNTS

June 2025

STATE BOARD OF ACCOUNT CONTACT INFORMATION

SBOA Homepage: www.in.gov/sboa

(for information specific to Special Districts, select Political Subdivisions and then select Special Districts)

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2024 Indiana General Assembly – link for Indiana Code search:
<https://iga.in.gov/laws/2024/ic/titles/1>

UPCOMING TRAINING

Currently we do not have any training scheduled for Special Districts this upcoming quarter.

2025 NEW LEGISLATION

The following is a list of laws enacted by the General Assembly as related to Special Districts. This is not intended to be an expression of legal opinion nor is it intended to provide a complete summary of every addition or amendment contained in public law. If you have any questions regarding legal interpretation, please consult your Special District attorney.

DIGEST OF HB 1033 (Updated March 18, 2025 2:11 pm - DI 140) Retainage requirements. Changes the maximum amount of retainage for certain state and local public works projects from: (1) 10% to 6% of the dollar value of all work satisfactorily completed until the public work is 50% complete; and (2) 5% to 3% of the dollar value of all work satisfactorily completed until the public work is substantially complete. Removes the requirement of a minimum amount of retainage for certain state and local public works projects.

DIGEST OF HB 1113 (Updated April 15, 2025 3:45 pm - DI 140) Fire protection districts. Provides, in certain circumstances, for the expansion of the purposes for which a fire protection district may be established.

DIGEST OF HB 1126 (Updated April 7, 2025 3:17 pm - DI 140) Watershed development commissions. Alters the membership of a watershed development commission board that includes the Maumee River basin (Maumee watershed development commission). Provides that a Maumee watershed development commission may take certain actions with respect to certain flood plains. Expands permitted uses for certain funds collected by a Maumee watershed development commission and establishes certain budget limits. Provides that the department of natural resources's division of water shall provide a Maumee watershed development commission with a written summary of the division's review of certain public works projects within 30 days of the review. Makes conforming changes.

DIGEST OF HB 1134 (Updated April 1, 2025 3:33 pm - DI 140) Executive sessions. Allows meetings of a state or local agency governing body concerning the following topics to be held in executive session: (1) Employee health care options with respect to special exceptions to coverage. (2) Employee specific compensation or employment matters of individual employees (excluding general discussion of employee compensation during a budget process). (3) Employee handbook changes. (3) Review of negotiations on the performance of publicly bid contracts, when public knowledge may result in increased cost. (4) Solicitation of contract proposals containing a bidder's proprietary information.

DIGEST OF HB 1196 (Updated March 18, 2025 2:38 pm - DI 140) Membership of aviation boards. Provides that an eligible entity with a population of less than 38,000 is not subject to the political party membership requirements for a board of aviation commissioners or an airport authority.

DIGEST OF HB 1198 (Updated March 11, 2025 2:29 pm - DI 140) Local public work projects. Changes the amount of a public work project that a board may perform using its own workforce, without awarding a contract, from an estimated cost of less than \$250,000 to an estimated cost of less than \$375,000, adjusted annually to account for inflation. Provides that the department of local government finance shall annually publish the adjusted cost estimate threshold on the department's website. Removes the distinction between a political subdivision that is a school corporation and a political subdivision that is not a school corporation for the cost of a public work project that is not subject to certain procedures. Provides that if a federal grant is to be issued to fund a portion of the construction on a public work project, the successful bidder has 90 days to proceed with the contract. Provides that plans and specifications approved by an architect or engineer are not required for certain public work on a public building.

DIGEST OF HB 1392 (Updated March 24, 2025 2:49 pm - DI 140) State comptroller matters. Specifies the timing of annual salary increases for state elected officials. Provides that the state comptroller calculates distributions of financial institutions tax revenue to taxing units. Provides that a taxing unit may deposit a distribution of financial institutions tax revenue in any fund, and the revenue may be used for any purpose allowed by law. Requires the state comptroller to calculate and provide the distribution amounts of commercial vehicle excise tax revenue for each taxing unit in a county to the county auditor. Provides that the county auditor may deposit a distribution of commercial vehicle excise tax revenue in any fund, and the revenue be may used for any purpose allowed by law. Removes a requirement that a prosecuting attorney notify the state comptroller of the prosecuting attorney's election to devote full professional time to the duties of the office. Provides that an individual is not required to file any notification with the

state comptroller that the individual has been elected or appointed to a judgeship. Requires the state comptroller and Indiana public retirement system to develop and present to the interim study committee on pension management oversight a proposed plan for a transition from the use of, and contribution of state revenue to, retirement medical benefits accounts to an increased focus on the use of, and additional contributions of state revenue to, the state employees' deferred compensation plan.

DIGEST OF HB 1427 (Updated April 24, 2025 11:38 pm - DI 129) Department of local government finance. Increases the threshold that applies to public works projects for which the department of natural resources may use its employees to perform the labor and supervision for the project. Removes the sunset of provisions that authorize the sale of bonds at a negotiated sale. Amends provisions pertaining to the investment of public funds in certain depositories. Requires the fiscal officer (rather than the executive) of a political subdivision to upload certain contracts to the Indiana transparency website (website). Permits the political subdivision to identify an individual other than the fiscal officer to upload contracts to the website. Provides that the change to the agricultural base rate in Senate Bill 1 does not apply for the January 1, 2025, assessment date to land in inventory. Repeals the increase in the personal property tax exemption for the 2025 assessment in Senate Bill 1, but retains the increase of the personal property tax exemption to \$2,000,000 for the 2026 assessment date and thereafter. Removes an exception to provisions added in Senate Bill 1 exempting depreciable personal property placed in service after January 1, 2025, from the 30% minimum valuation floor if property tax revenue that is attributable to the depreciable personal property is pledged as payment for bonds, leases, or other obligations. Repeals the local property tax credits for veterans enacted in Senate Bill 1 and reinstates the property tax deductions in current law for veterans that were expired under Senate Bill 1. Provides that the personal property online submission portal (portal) may be used to file a personal property return until 2026. Repeals (effective January 1, 2026) the provision requiring the establishment of the portal and makes corresponding changes. Adds requirements for the filing of a petition for review of land values. Amends a provision pertaining to the assessment of solar land. Provides for the assessment of community land trust property and a property tax credit for community land trust property. For purposes of public utility companies, specifies that the period of time that a taxpayer may file an objection with the department of local government finance (DLGF) is not later than 15 days after the notice is postmarked. Provides, for particular calendar years, that all or part of a building is deemed to serve a charitable purpose and is exempt from property taxation if it is owned by certain nonprofit entities. Establishes a maximum entry fee per unit that may be charged by a continuing care retirement community to qualify for the property tax exemption. Adds, for particular calendar years, continuing care retirement communities, small house health facilities, and qualified residential treatment providers to the list of exempt entities for purposes of another property tax exemption. Provides that the DLGF may (as opposed to shall) adopt certain rules with respect to property of an exempt organization used in a nonexempt trade or business. Amends the requirements that must be satisfied to receive a property tax exemption for property used by a for-profit provider of early childhood education. Establishes a partial property tax exemption for an employer that provides child care on the employer's property for the employer's employees and certain other employees. Amends certain notice and procedural provisions applicable to proceedings before the Indiana board of tax review. Clarifies the deadline for submitting amended certified net assessed value amounts. Specifies the calculation of the maximum permissible property tax levy for certain units that fail to comply with certain budget and tax levy review and adoption procedures. Adds provisions that: (1) require the DLGF to increase the maximum permissible property tax levy for certain qualifying municipalities for property taxes first due and payable in 2025 to include all debt service levies of the qualifying municipality for property taxes first due and payable in 2025; (2) specify that the adjustment is a

one time and permanent increase; (3) modify the: (A) local income tax trust account threshold percentage of a county that contains a qualifying municipality (for purposes of determining whether the county shall receive a supplemental distribution); and (B) certified share allocation determination for a qualifying municipality; and (4) prohibit the use funds from the state general fund to make up certain local income tax related shortfalls. Provides temporary one time increases for the maximum permissible ad valorem property tax levies for Shelby County and the Shelby County solid waste management district. Provides that the county treasurer is not required to mail or transmit a statement for property that is exempt from taxation and does not have a reported assessed value. Requires the DLGF, in a manner determined by the DLGF, to include on the coupon page of each property tax statement educational information regarding the eligibility and procedures for various property tax benefits available to certain taxpayers. Provides that a tract or item of real property owned by a political subdivision may not be sold at a tax sale. Removes a provision requiring the county executive to provide an annual report to the legislative council concerning certain tax sales. Provides that property tax assessment board of appeals members' terms must be staggered for a two year period and begin on January 1. Provides that a property tax payment made by a check processing company received after the due date for the property taxes is considered to be made on or before the due date if the taxpayer provides reasonable evidence that the payments were made on or before the due date. Reestablishes the deduction for aircraft entitling a taxpayer to a deduction from the assessed value of abatement property in each year in which the abatement property is subject to taxation for ad valorem property taxes. Provides a sales tax exemption for sales by agricultural commodity trade associations made at the state fair. Provides certain sourcing rules for the adjusted gross income of an investment partnership. Defines "investment partnership" and other related terms. Specifies that an electing entity or pass through entity shall be permitted to claim a credit for taxes withheld or paid on the entity's behalf. Allows an electing entity to make elections to claim certain state tax liability credits and sets forth requirements that apply to those elections. Expands the physician practice ownership tax credit against state tax liability to practicing physicians (instead of only primary care physicians) who have an ownership interest in a physician practice and meet other eligibility criteria. Limits the total amount of physician practice ownership tax credits that may be awarded in a state fiscal year. Specifies that a volunteer fire department that applies to the county adopting body for a distribution of local income tax revenue that is allocated to public safety purposes must do so through the fiscal officer of the unit served by the department. Allows the Fountain County council to adopt a resolution to make a one time transfer from the county jail revenue fund to the county general fund to be used for specified purposes. Allows revenue generated from a special purpose local income tax rate in Starke County to be used to operate and maintain the county jail and related facilities. Increases the amount of the local collection assistance fee. Provides a presumption of reasonable cause exception to the penalty for failure to file a return in the case of certain small partnerships. Amends the provisions to conform to the reasonable cause exception applicable to the failure to file penalty available under federal tax procedures (IRS Rev. Proc. 84-35, 1984-1 C.B. 509). Authorizes numerous local units to impose food and beverage taxes. Allows the town of Shipshewana to increase its food and beverage tax. Removes language excluding transactions that occur at a historic hotel from the Orange County food and beverage tax and amends provisions that apply to the uses of the tax revenue. Repeals provisions authorizing the imposition of food and beverage taxes in Wayne County. Reallocates the amounts of revenue received from the Vanderburgh County innkeeper's tax that is deposited in certain funds. Authorizes certain counties to impose an innkeeper's tax under separate enabling statutes. Allows Brown County to increase its innkeeper's tax rate. Prohibits the deposit or transfer of money in an innkeeper's or food and beverage tax fund into any other fund, or deposit or transfer of money from any other fund into an innkeeper's or food and beverage tax fund. Requires a local unit that imposes a food and beverage tax (as part of its

required annual reporting) to provide to the state board of accounts a consolidated financial statement for the preceding year. Requires the state board of accounts to: (1) determine whether or not local units imposing a food and beverage tax, and other entities that receive a distribution of food and beverage tax revenue, are in compliance with current reporting requirements and applicable statutory requirements; and (2) submit a report of its findings to the legislative council. Provides for a reduction of the percentage of gross revenue to be paid to a unit of local government by a holder of a cable franchise. Requires the office of the secretary of family and social services to apply to the United States Department of Health and Human Services for an amendment to each home and community based services Medicaid waiver for certain eligibility criteria related to asset limit thresholds. Specifies that certain school corporation property tax referenda are eligible to be on the ballot in an election held in the fall of 2025. Applies certain access to financial data requirements to charter schools. Restores language in a provision amended by Senate Bill 1 regarding optional revenue sharing with charter schools. Specifies that a minimum population for application of certain provisions concerning: (1) the assessment of industrial facilities; (2) the general government of counties; and (3) the division of powers of certain counties; is 450,000 (instead of 400,000). Allows a county fiscal body to make loans of money for not more than 10 years (rather than five years under current law) and issue notes for the purpose of refunding those loans. Allows a person who is: (1) engaged in the business of renting or furnishing, for periods of less than 30 days, certain lodging facilities located within an economic development district; and (2) liable for a special benefits assessment for the property; to charge a fee of not more than \$1 per night. Provides that the northwest Indiana regional development authority must be reimbursed for amounts deposited in the blighted property demolition fund not later than July 1, 2027 (instead of July 1, 2026). Requires local units to make semiannual fire service reports to the state fire marshal which, in turn, is required to submit the data reported to the legislative council. Provides for funding for cultural institutions. Urges the legislative council to assign to the appropriate interim study committee the task of studying certain issues relating to property exempt for charitable purposes. Amends a 2025 law requiring certain disclosures concerning appointed officers to provide that if an appointed board is a subgroup of an elected body that is appointed entirely: (1) from the body's elected members; and (2) by a member or members of the elected body; the appointed board may publish a board member's name and elected title in the board's meeting notice or agenda with a link or web address to the website where information of each board member's appointment and term is published. Removes provisions enacted by HEA 1001-2025 that: (1) treated the local government investment pool as a financial institution; and (2) considered the seven day yield published weekly by the treasurer of state to be a quote for purposes of the law governing the deposit and investment of public funds. Provides that money in the Pokagon Band Tribal-state compact fund is continuously appropriated for the purposes of the fund. Provides that funding to a local board of health from the local public health fund may only be used for Indiana residents who are lawfully present in the United States. Resolves conflicts.

DIGEST OF HB 1509 (Updated March 24, 2025 3:51 pm - DI 140) Appointed officials. Requires disclosure of the appointing authority and term of an appointed public officer: (1) in the meeting notice and agenda of the board on which the public officer is appointed to serve; and (2) on the board's website or appointing authority's website, if any. Provides that if the appointing authority or board does not have a website, the information must be published on the Internet through the computer gateway administered by the office of technology.

DIGEST OF SB 211 (Updated March 20, 2025 12:10 pm - DI 140) Clean water Indiana program. Permits the use of funds from the clean water Indiana fund to manage invasive plant species.

DIGEST OF SB 389 (Updated April 1, 2025 3:38 pm - DI 140) Annexation of fire protection district territory. Provides the following with regard to certain annexations that include property within a fire protection district (district) for which the annexation ordinance was adopted on October 7, 2024, the annexed territory does not exceed 50 acres, and the annexed territory consists of vacant land and not more than one (1) residential property: (1) The annexation is effective at least 30 days after the annexation ordinance is adopted, published, and filed with state and county officials. (Under current law, with certain exceptions, an annexation of property within a district takes effect the second January 1 after the ordinance is adopted and filed with state and county officials.) (2) Exempts the municipality from provisions requiring the municipality to: (A) commence fire protection service to the annexed territory on the ordinance's effective date; and (B) notify the district within 10 days of commencing fire protection service to the annexed territory.