

PROPOSED AMENDMENT

HB 1427 # 30

DIGEST

Proposed budgets and levies. 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.

- 1 Page 11, between lines 13 and 14, begin a new paragraph and insert:
2 "SECTION 10. IC 6-1.1-17-20, AS AMENDED BY P.L.257-2013,
3 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2025]: Sec. 20. (a) This section applies to each governing
5 body of a taxing unit that is not comprised of a majority of officials
6 who are elected to serve on the governing body. For purposes of this
7 section, an individual who qualifies to be appointed to a governing
8 body or serves on a governing body because of the individual's status
9 as an elected official of another taxing unit shall be treated as an
10 official who was not elected to serve on the governing body.
11 (b) As used in this section, "taxing unit" has the meaning set forth
12 in IC 6-1.1-1-21, except that the term does not include a public library
13 or an entity whose tax levies are subject to review and modification by
14 a city-county legislative body under IC 36-3-6-9.
15 (c) If:
16 (1) the assessed valuation of a taxing unit is entirely contained
17 within a city or town; or
18 (2) the assessed valuation of a taxing unit is not entirely contained
19 within a city or town but:
20 (A) the taxing unit was originally established by the city or
21 town; or
22 (B) the majority of the individuals serving on the governing
23 body of the taxing unit are appointed by the city or town;
24 the governing body shall submit its proposed budget and property tax
25 levy to the city or town fiscal body. The proposed budget and levy shall
26 be submitted to the city or town fiscal body in the manner prescribed

1 by the department of local government finance before September 2 of
2 a year.

3 (d) If subsection (c) does not apply, the governing body of the taxing
4 unit shall submit its proposed budget and property tax levy to the
5 county fiscal body in the county where the taxing unit has the most
6 assessed valuation. The proposed budget and levy shall be submitted
7 to the county fiscal body in the manner prescribed by the department
8 of local government finance before September 2 of a year.

9 (e) The fiscal body of the city, town, or county (whichever applies)
10 shall review each budget and proposed tax levy and adopt a final
11 budget and tax levy for the taxing unit. The fiscal body may reduce or
12 modify but not increase the proposed budget or tax levy.

13 (f) If a taxing unit fails to file the information required in subsection
14 (c) or (d), whichever applies, with the appropriate fiscal body by the
15 time prescribed by this section, ~~the most recent annual appropriations~~
16 ~~and annual tax levy of that taxing unit are continued for the ensuing~~
17 ~~budget year. when calculating the maximum ad valorem property~~
18 ~~tax levy under IC 6-1.1-18.5-3(a) for the taxing unit for the ensuing~~
19 ~~budget year, instead of multiplying the maximum levy growth~~
20 ~~quotient determined under IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e)~~
21 ~~(as applicable) for the year by the taxing unit's maximum~~
22 ~~permissible ad valorem property tax levy for the preceding~~
23 ~~calendar year as prescribed in STEP TWO of IC 6-1.1-18.5-3(a),~~
24 ~~for purposes of STEP TWO of IC 6-1.1-18.5-3(a), the taxing unit's~~
25 ~~maximum permissible ad valorem property tax levy for the~~
26 ~~preceding calendar year must instead be multiplied by the result~~
27 ~~of the following:~~

28 **STEP ONE: Determine:**

- 29 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or
30 STEP FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus
31 (B) one (1).

32 **STEP TWO: Multiply:**

- 33 (A) the STEP ONE result; by
34 (B) eight-tenths (0.8).

35 **STEP THREE: Add one (1) to the STEP TWO result.**

36 However, if the taxing unit files the information as required in
37 subsection (c) or (d), whichever applies, for the budget year
38 immediately following the budget year for which the formula
39 under this subsection is applied, when calculating the maximum ad
40 valorem property tax levy under IC 6-1.1-18.5-3(a) for the taxing

1 unit for the subsequent budget year, the taxing unit's maximum
 2 permissible ad valorem property tax levy must be calculated as if
 3 the formula under this subsection had not been applied for the
 4 affected budget year.

5 (g) If the appropriate fiscal body fails to complete the requirements
 6 of subsection (e) before the adoption deadline in section 5 of this
 7 chapter for any taxing unit subject to this section, ~~the most recent~~
 8 ~~annual appropriations and annual tax levy of the city, town, or county,~~
 9 ~~whichever applies, are continued for the ensuing budget year.~~ **when**
 10 **calculating the maximum ad valorem property tax levy under**
 11 **IC 6-1.1-18.5-3(a) for the city, town, or county for the ensuing**
 12 **budget year, instead of multiplying the maximum levy growth**
 13 **quotient determined under IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e)**
 14 **(as applicable) for the year by the city's, town's, or county's**
 15 **maximum permissible ad valorem property tax levy for the**
 16 **preceding calendar year as prescribed in STEP TWO of**
 17 **IC 6-1.1-18.5-3(a), for purposes of STEP TWO of**
 18 **IC 6-1.1-18.5-3(a), the city's, town's, or county's maximum**
 19 **permissible ad valorem property tax levy for the preceding**
 20 **calendar year must instead be multiplied by the result of the**
 21 **following:**

22 **STEP ONE: Determine:**

23 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or
 24 STEP FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus

25 (B) one (1).

26 **STEP TWO: Multiply:**

27 (A) the STEP ONE result; by

28 (B) eight-tenths (0.8).

29 **STEP THREE: Add one (1) to the STEP TWO result.**

30 **However, if the city, town, or county files the information as**
 31 **required in subsection (e) for the budget year immediately**
 32 **following the budget year for which the formula under this**
 33 **subsection is applied, when calculating the maximum ad valorem**
 34 **property tax levy under IC 6-1.1-18.5-3(a) for the city, town, or**
 35 **county for the subsequent budget year, the unit's maximum**
 36 **permissible ad valorem property tax levy must be calculated as if**
 37 **the formula under this subsection had not been applied for the**
 38 **affected budget year.**

39 SECTION 11. IC 6-1.1-17-20.3, AS AMENDED BY P.L.38-2021,
 40 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 JULY 1, 2025]: Sec. 20.3. (a) Except as provided in section 20.4 of this
 2 chapter, this section applies only to the governing body of a public
 3 library that:

4 (1) is not comprised of a majority of officials who are elected to
 5 serve on the governing body; and

6 (2) has a percentage increase in the proposed budget for the
 7 taxing unit for the ensuing calendar year that is more than the
 8 result of:

9 (A) the maximum levy growth quotient determined under
 10 IC 6-1.1-18.5-2 for the ensuing calendar year, rounded to the
 11 nearest thousandth (0.001); minus

12 (B) one (1).

13 For purposes of this section, an individual who qualifies to be
 14 appointed to a governing body or serves on a governing body because
 15 of the individual's status as an elected official of another taxing unit
 16 shall be treated as an official who was not elected to serve on the
 17 governing body.

18 (b) This section does not apply to an entity whose tax levies are
 19 subject to review and modification by a city-county legislative body
 20 under IC 36-3-6-9.

21 (c) If:

22 (1) the assessed valuation of a public library's territory is entirely
 23 contained within a city or town; or

24 (2) the assessed valuation of a public library's territory is not
 25 entirely contained within a city or town but more than fifty
 26 percent (50%) of the assessed valuation of the public library's
 27 territory is contained within the city or town;

28 the governing body shall submit its proposed budget and property tax
 29 levy to the city or town fiscal body in the manner prescribed by the
 30 department of local government finance before September 2 of a year.
 31 However, the governing body shall submit its proposed budget and
 32 property tax levy to the county fiscal body in the manner provided in
 33 subsection (d), rather than to the city or town fiscal body, if more than
 34 fifty percent (50%) of the parcels of real property within the
 35 jurisdiction of the public library are located outside the city or town.

36 (d) If subsection (c) does not apply or the public library's territory
 37 covers more than one (1) county, the governing body of the public
 38 library shall submit its proposed budget and property tax levy to the
 39 county fiscal body in the county where the public library has the most
 40 assessed valuation. The proposed budget and levy shall be submitted

1 to the county fiscal body in the manner prescribed by the department
2 of local government finance before September 2 of a year.

3 (e) The fiscal body of the city, town, or county (whichever applies)
4 shall review each budget and proposed tax levy and adopt a final
5 budget and tax levy for the public library. The fiscal body may reduce
6 or modify but not increase the proposed budget or tax levy.

7 (f) If a public library fails to file the information required in
8 subsection (c) or (d), whichever applies, with the appropriate fiscal
9 body by the time prescribed by this section, ~~the most recent annual~~
10 ~~appropriations and annual tax levy of that public library are continued~~
11 ~~for the ensuing budget year. when calculating the maximum ad~~
12 ~~valorem property tax levy under IC 6-1.1-18.5-3(a) for the public~~
13 ~~library for the ensuing budget year, instead of multiplying the~~
14 ~~maximum levy growth quotient determined under~~
15 ~~IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e) (as applicable) for the year~~
16 ~~by the public library's maximum permissible ad valorem property~~
17 ~~tax levy for the preceding calendar year as prescribed in STEP~~
18 ~~TWO of IC 6-1.1-18.5-3(a), for purposes of STEP TWO of~~
19 ~~IC 6-1.1-18.5-3(a), the public library's maximum permissible ad~~
20 ~~valorem property tax levy for the preceding calendar year must~~
21 ~~instead be multiplied by the result of the following:~~

22 **STEP ONE: Determine:**

- 23 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or
24 STEP FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus
25 (B) one (1).

26 **STEP TWO: Multiply:**

- 27 (A) the STEP ONE result; by
28 (B) eight-tenths (0.8).

29 **STEP THREE: Add one (1) to the STEP TWO result.**

30 **However, if the public library files the information as required in**
31 **subsection (c) or (d), whichever applies, for the budget year**
32 **immediately following the budget year for which the formula**
33 **under this subsection is applied, when calculating the maximum ad**
34 **valorem property tax levy under IC 6-1.1-18.5-3(a) for the public**
35 **library for the subsequent budget year, the public library's**
36 **maximum permissible ad valorem property tax levy must be**
37 **calculated as if the formula under this subsection had not been**
38 **applied for the affected budget year.**

39 (g) If the appropriate fiscal body fails to complete the requirements
40 of subsection (e) before the adoption deadline in section 5 of this

1 chapter for any public library subject to this section, ~~the most recent~~
 2 ~~annual appropriations and annual tax levy of the city, town, or county,~~
 3 ~~whichever applies, are continued for the ensuing budget year. when~~
 4 **calculating the maximum ad valorem property tax levy under**
 5 **IC 6-1.1-18.5-3(a) for the city, town, or county for the ensuing**
 6 **budget year, instead of multiplying the maximum levy growth**
 7 **quotient determined under IC 6-1.1-18.5-2(b) or IC 6-1.1-18.5-2(e)**
 8 **(as applicable) for the year by the city's, town's, or county's**
 9 **maximum permissible ad valorem property tax levy for the**
 10 **preceding calendar year as prescribed in STEP TWO of**
 11 **IC 6-1.1-18.5-3(a), for purposes of STEP TWO of**
 12 **IC 6-1.1-18.5-3(a), the city's, town's, or county's maximum**
 13 **permissible ad valorem property tax levy for the preceding**
 14 **calendar year must instead be multiplied by the result of the**
 15 **following:**

16 **STEP ONE: Determine:**

- 17 (A) the result of STEP FOUR of IC 6-1.1-18.5-2(b) or
 18 STEP FIVE of IC 6-1.1-18.5-2(e) (as applicable); minus
 19 (B) one (1).

20 **STEP TWO: Multiply:**

- 21 (A) the STEP ONE result; by
 22 (B) eight-tenths (0.8).

23 **STEP THREE: Add one (1) to the STEP TWO result.**

24 **However, if the city, town, or county files the information as**
 25 **required in subsection (e) for the budget year immediately**
 26 **following the budget year for which the formula under this**
 27 **subsection is applied, when calculating the maximum ad valorem**
 28 **property tax levy under IC 6-1.1-18.5-3(a) for the city, town, or**
 29 **county for the subsequent budget year, the unit's maximum**
 30 **permissible ad valorem property tax levy must be calculated as if**
 31 **the formula under this subsection had not been applied for the**
 32 **affected budget year."**

33 Renumber all SECTIONS consecutively.
 (Reference is to HB 1427 as introduced.)