

TAX MATTERS

**AUGUST 13, 2009, Issue #09-32, by Bernard Ridens, Executive Director
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REVIEW OF PAST TAX MATTERS

AUGUST 6, 2009 (#09-31)

- **COUNTY PROPOSED BUDGET IS AVAILABLE**
 - The 2009 Proposed County Budget is now available in the Taxpayer Association office. If you should like to review a specific department budget, just let Bernard know.
- **SALES DISCLOSURES**
 - A sales disclosure form is required whenever there is a transfer or sale of property. You can find this form at <http://www.in.gov/icpr/webfile/formsdiv/46021.pdf>.
- **FILING AN APPEAL**
 - When a taxpayer wants to appeal an assessment, they would have to file a property tax appeal with the Harrison Township or County Assessor by August 27, 2009.

JULY 30, 2009 (#09-30)

- **TRENDING WORKSHOP LETTER FROM TOM WOODASON**
 - The Taxpayers Association of Vigo County offered a Property Tax Workshop on understanding the current property tax law as it applies to you. This workshop took place August 12th and included a question and answer period.
- **AN OVERVIEW OF THE INDIANA TRENDING PROCESS**
 - An essay from David Schwab, the presenter of the property tax workshop

The Taxpayers Association is a not-for-profit organization supported by membership dues. Any citizen or group of citizens in Vigo County may be a member. Current members are encouraged to promote membership in the organization by giving the attached application to a potential member. [See the TA application and dues structure.](#)
This is NOT an invoice for your dues.

1. LOCAL BUDGET REVIEW & ADOPTION FAQ

Everyone who attended the workshop yesterday received a packet that included a paper that contained frequently asked questions concerning reviews of local budgets. This FAQ was from the Indiana Department of Local Government. Here, in complete form, is the FAQ of the process:

Local Budget Review and Adoption Frequently Asked Questions

Created July 29, 2009

1. Do political subdivisions have to publish their estimated budgets and proposed levies? What should be included in the notice?

Yes. The notice should include the time and place at which a public hearing will be held, as well as the estimated budget; the estimated maximum permissible levy; the current and proposed tax levies of each fund; and the amounts of excessive levy appeals to be requested.

2. When should the notice be published?

Beginning in 2009, the notice of the estimated budget and levy, and public hearing information on the Budget Form 3 must be completed and published twice **by September 9**. The notice must be published twice with the first publication at least ten (10) days before the date fixed for the public hearing, and the publications must be at least one (1) week apart. For example, the first notice should be published by September 2, 2009 and the second notice should be published by September 9, 2009 for a hearing set on September 12, 2009.

3. What do civil taxing units have to submit for the review and non-binding recommendation by the county fiscal body?

Civil taxing units should provide the proposed or estimated tax rate and levy (Budget Form 4-B), as well as the proposed budget (Budget Form 1) for the following year. For example, in 2009, the civil taxing unit would need to provide their proposed or estimated tax rate and levy and their proposed budget for 2010.

4. What is the deadline to file for the non-binding recommendation?

The deadline is at least **forty-five (45) days** before the civil taxing unit adopts. The last date for a civil taxing unit to file for 2010 budgets is Thursday, September 17, 2009.

5. How long does the fiscal body have to complete the review?

A county fiscal (county council, in most cases) body must complete their review and issue their nonbinding recommendation to the civil taxing unit at least **fifteen (15) days** before the civil taxing unit adopts. The last date for a 2010 budget is Monday, October 19, 2009 [October 17, 2009 falls on a Saturday]. For the budget process to progress as intended by the General Assembly, the county fiscal body should establish a set period of time to accomplish the review of the tax rates, levies and budgets and issuance of non-binding recommendations to each civil taxing unit in the county.

Note that the statutory timeline is meant to ensure the county fiscal body's review and issuance of its non-binding recommendation to the civil taxing units will occur *before* the civil taxing unit adopts its tax rate, tax levy, and budget. It is required in the law that the *civil taxing unit adopts its budget, rate, and levy after the county fiscal body has completed its review* of that civil

taxing unit's budget, rate, and levy and has issued its non-binding recommendation to that civil taxing unit. In sum, the budget adoption process and timeline is to be driven by the county fiscal body.

6. What does the county fiscal body's recommendation have to include?

The recommendation should compare the civil taxing unit's proposed increase to increases in the budgets of other civil taxing units in the county. Additionally, it should compare the unit's proposed increase to the average increase in Indiana nonfarm personal income for the preceding six (6) calendar years and the average increase in nonfarm personal income for the county for the preceding six (6) calendar years. This information will be available from the Department's Web site soon.

7. Where does the county fiscal body get nonfarm personal income information?

The Department provides this information. As soon as this information is available, the Department will send out via its listserv. It will also be available on the Department's Web site under "Memos and Presentations" page, <http://www.in.gov/dlgf/2444.htm>, as well as on the "County/ Budget Information" page, <http://www.in.gov/dlgf/2677.htm>.

8. Do schools, conservancy districts, solid waste management districts or fire protection districts have to get a non-binding recommendation?

Schools are not civil taxing units and, thus, do not need to submit their proposed tax rates, levies and budget and receive a non-binding recommendation from the county fiscal body.

Conservancy districts, solid waste management districts, and fire protection districts with appointed or unelected governing bodies are considered "special districts" and must submit their proposed budget, rate, and levy to a city/town fiscal body or county fiscal body (whichever is applicable) for **final adoption** rather than a non-binding recommendation.

Finally, if an appointed or unelected governing body of a taxing unit (such as a library or sanitary district) has a percentage increase in its proposed budget for 2010 that is **more than 3.8%**, it is not required to follow the non-binding review and recommendation process. Rather, those units must submit their proposed budget, rate, and levy to a city/town fiscal body or county fiscal body (whichever is applicable) for **final adoption** because they are governed by IC 6-1.1-17-20. (*See FAQ numbers 9-10 for more information about the process for special districts.*)

Also, the county fiscal body review and non-binding recommendation process does not apply to certain civil taxing units in Marion County that have proposed budgets and proposed property tax levies approved under IC 36-3-6-9.

9. What is the budget adoption process for special districts (i.e. conservancy districts, solid waste management districts, and fire protection districts) that are governed by an unelected or appointed board?

IC 6-1.1-17-20 now applies. Therefore, for the 2010 budget process, these districts must submit their proposed budgets to the city, town, or county fiscal body (whichever is applicable) for final adoption on or before Friday, October 2, 2009.

For a special district with assessed valuation entirely contained within a city or town, or that was originally established by a city or town, the district submits its proposed budget to the city or town fiscal body. This must be done at least **thirty (30)** days before the city or town fiscal body holds budget approval hearings.

All other special districts must submit proposed budgets to the county fiscal body in the county where the taxing unit has the most assessed valuation. Again, this submitted at least **thirty (30) days** before the county fiscal holds budget approval hearings.

Conservancy districts, solid waste management districts, and fire protection districts with unelected or appointed governing boards always -- regardless of the percentage increase in their proposed budget -- must submit their proposed budget, rate, and levy to the city/town or countyfiscal body (whichever is applicable) for final adoption on or before October 2 [30 days before council is required to adopt budget].

10. What does the city, town, or county fiscal body do with the special district's proposed budget?

The fiscal body of the city, town, or county (whichever applies) reviews the proposed budgets and adopts a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify the budget, but they cannot increase it.

11. What is the budget process for other taxing units with unelected or appointed governing boards, like libraries?

If the proposed budget for these units has a percentage increase in the taxing unit's proposed budget for the following calendar year that is more than 3.8% for 2010, the rules that apply to conservancy districts, solid waste management districts, and fire protection districts apply to those units. *See FAQ numbers 9-10 above.*

12. What if a unit misses its submission deadline to the county council?

Without evidence of a non-binding recommendation filed by the deadline, the Department will hold the civil taxing unit to the most recent annual appropriations and annual tax levy. In other words, if a unit fails to file their proposed 2010 budget by September 17, 2009 with the county council, the Department will certify the 2009 budget amounts for the 2010 budget for that civil taxing unit.

13. What if a fiscal body misses the deadline for a recommendation?

Without evidence of a non-binding recommendation issued by the deadline, the Department will hold the county, city or town to the most recent annual appropriations and annual tax levy. In other words, if the fiscal body does not complete a review for a unit that has submitted by the deadline of October 19, 2009, the fiscal body's unit is penalized, and the Department will certify the 2009 budget amounts for the county's 2010 budget.

14. What's the deadline for political subdivisions to adopt budgets?

The deadline is November 1 of each year. For 2010 budgets, the deadline is Monday, November 2, 2009 because November 1 falls on a Sunday.

15. What happens if a political subdivision misses the adoption deadline?

If the budget is not adopted by the November 1 deadline, the Department will hold the political subdivision to its most recent annual appropriations and annual tax levy for the following budget year. In other words, if the deadline is missed for the 2010 budget adoption, the Department will certify the 2009 budget amounts for the 2010 budget.

16. When is the public hearing for proposed budgets?

The political subdivision must hold the public hearing at least ten (10) days prior to the budget adoption meeting, except in Marion County and in a second class city, where the hearing may be held at any time after introduction of the budget. If the political subdivision chooses to adopt on November 2, 2009, the last day to hold the public hearing is Friday, October 23, 2009.

17. Can taxpayers object to the proposed budget? If so, how?

Yes. Ten (10) or more taxpayers may object by filing an objection petition not more than seven (7) days after the public hearing. The objection petition must specifically identify the provisions to which the taxpayers object. If the public hearing occurs on Friday, October 23, 2009, the taxpayers must file on or before Friday, October 30, 2009.

18. What happens if an objection is filed?

If an objection is filed, the political subdivision's fiscal body must respond in writing to the objections raised when it adopts its budget.

19. When are political subdivisions required to file the adopted budgets with the County Auditor?

They must file at least two (2) days before the first meeting of the county board of tax adjustment ("county TAB")(if one exists.) In Marion County and in a second class city, they must file within two (2) days of the ordinance being signed or of a veto being overridden.

20. What year do schools need to adopt a fiscal year budget?

School corporations will go to a fiscal budget starting with Fiscal Year 2012. That means after June 30, 2011, schools will be on a budget that goes from July 1 to June 30.

21. Does the County Auditor still need to publish the notice to taxpayers of each taxing units' adopted tax rates ("TAB Chart")?

No. The County Auditor will only need to publish if the budgets, tax rates, or tax levies are modified by the county board of tax adjustment or County Auditor. If no TAB Chart is necessary, the County Auditor will send a certificate notice of rates to each political subdivision within five (5) days of calculating and fixing the rates.

22. Can taxpayers still appeal from a TAB Chart?

Yes, if a TAB Chart is published by the County Auditor, ten (10) or more taxpayers or one (1) taxpayer who owns property representing at least ten percent (10%) of the taxable assessed valuation in the political subdivision may initiate an appeal by filing a statement with the County Auditor. The statement must specifically identify the provisions to which the taxpayers object.

23. What is the deadline to file an appeal from a TAB Chart?

An appeal must be filed within ten (10) days after the publication of the TAB chart.

24. What happens if an appeal is filed?

If an appeal is filed, the Department holds a hearing, considers the testimony and evidence given, and then makes a written determination and statement of its findings. The Department will notify the objector or first ten (10) objectors of the date, time, and location of the hearing, and then mail

them copies of the findings. The hearing may be held in conjunction with the Department's budget hearing in the county.

25. Can the County Auditor appeal to the Department if the township assistance tax rate is reduced below the necessary amount?

Yes. In this case, the County Auditor is *required* initiate an appeal. However, tax rates for the family and children's fund and children's psychiatric residential treatment services (CPRTS) can no longer be appealed to the Department for an increase because those funds have been assumed by the State.

26. Can a political subdivision appeal to the Department for an increase in its tax rate or levy as published in the TAB Chart?

Yes. To initiate the appeal, the political subdivision must file a statement with the Department not later than ten (10) days after publication of the TAB Chart. To file an appeal, the legislative body of the political subdivision (i.e. County Commissioners in most cases) must adopt a resolution to file the appeal.

27. Can the Department cut a taxing unit's budget by fund, rate, or levy?

When the Department reviews the unit's proposed or adopted budget, the Department acts like a bank. A bank will tell a customer if the customer has enough money in his account to make a purchase, but it would not tell the customer how to spend his money. The same goes for the Department and local units of government – the Department will advise the unit if they have the funds to cover the proposed budget, and what kind of "paycheck" the unit can expect. However, representatives of the local units of government make the decisions on how to spend these dollars.

28. What happens if the Department revises, reduces or increases a budget?

The Department issues a "1782 notice," which is a written document that includes the preliminary tax rates and levies. The Department also holds a local budget hearing.

29. How much and what kinds of notice is given for this public hearing?

The Department must give notice at least five (5) days in advance. The notice will include the time and place of the hearing and of the budgets by fund, levies, and tax rates to be considered at the hearing. The notice will be placed in two (2) newspapers of general circulation published in the county; or only one (1) newspaper, if only one (1) of general circulation exists.

30. How long does the political subdivision have to respond to the Department's "1782 notice"?

The political subdivision has **ten (10) calendar days** from the date the political subdivision receives the notice. The response, which must be provided in writing to the Indianapolis office, may include budget reductions, reallocation of levies, a revision in the amount of miscellaneous revenues, and further review of any other item about which, in the view of the political subdivision, the Department is in error. (Note: The notice period formerly was fourteen (14) calendar days, but that was changed in HEA 1001(ss)-2009.)

31. How are bond issues and lease rental agreements handled for appointed or unelected governing bodies?

For a governing body of a taxing unit comprised of appointed or unelected officials (except for a school and certain taxing units in Marion County), if the assessed valuation of a taxing unit is entirely contained within a city or town; or the taxing unit was originally established by the city or town, the governing body of the taxing unit may not issue bonds or enter into a lease payable in whole or in part from property taxes unless it obtains the approval of the city or town fiscal body.

For all other taxing units with appointed or unelected officials on its governing body, the governing body of the taxing unit may not issue bonds or enter into a lease payable in whole or in part from property taxes unless it obtains the approval of the county fiscal body in the county where the taxing unit has the most net assessed valuation. IC 6-1.1-17-20.5.

32. Can a County Auditor withhold certified net assessed values to account for appeals and deductions?

Yes. The County Auditor can reduce the certified net assessed value amounts for each taxing unit by up to two percent (2%). This allows the unit to absorb the effects of reduced property tax collects as a result of successful appeals, homestead or other deductions, and reassessments as a result of permanently flooded real property. If the Auditor would like to reduce the certified net assessed value amount for any taxing unit by more than two percent (2%), the Auditor may appeal to the Department of Local Government Finance (“Department”) for approval. The Department may approve, modify and approve, or reject the amount of the reduction sought in the appeal.

33. How should a County Auditor account for deductions that are filed after certification of net assessed values?

The County Auditor has the authority to reduce the amount of the net certified assessed values for each taxing district by up to two percent (2%). This should cover any issues related to deductions filed after the certification of net assessed values. If the County Auditor has concerns that the two percent (2%) will not be enough, the Auditor has the authority to appeal to the Department and ask to reduce the amount by more than two percent (2%).

If you have any questions, please feel free to contact Assistant Budget Director Dan Jones at (317) 232-0651 or djones@dlgf.in.gov

2. FAQ – WASHINGTON H.S. PROPOSAL

As you probably read in Tuesday’s *Tribune-Star* article by Sue Loughlin, the Vigo County School Board is considering a recommendation that the Booker T. Washington High School alternative program be moved to Terre Haute South Vigo High School. This would require a \$1.8 million addition be built on South’s west side. It would also require the use of six South classrooms. The addition would include a nursery that serves the parenting teens.

There are several concerns we have with this proposal. Isn’t one of the purposes of our alternative programs for students to be educated in a small-school setting? Also, if this program uses the same building as South, and the Washington students have more one-on-one attention and a smaller teacher-to-student ratio than the South students, is this fair? And is it possible that this proposal actually encourages teenage pregnancy?

Let us know if you have any input concerning this \$1.8 million proposal. As always, please be assured that any remarks you send to me will be confidential and only aggregate data would be presented.

3. A SECOND WORKSHOP – CAPS

Watchdog Indiana is trying to schedule discussion panels throughout the state this fall. The purpose of the panel is to educate Hoosiers regarding the constitutional property tax caps in Senate Joint Resolution 1. Most panels will include one to three local State Representatives or their appointee or possibly a State Senator.

The proposed 1%-2%-3% caps on homestead, rentals and agricultural, and other business properties respectively were passed by the General Assembly in 2008 and will be fully implemented next year. SJR must pass the House again next year so the voters of Indiana can vote on November 2, 2010 to decide whether or not the caps will become a permanent part of the Indiana Constitution. This full information can be found at http://www.finplanneducation.net/property_tax_caps.htm.

The Taxpayers Association will volunteer to host one of these workshops. Our purpose is to fully educate our members and others who choose to attend this discussion on the ramifications of this issue.

4. CONTINUING CREDIT

For those who attended Wednesday’s workshop and is interested in receiving two hours of Continuing Professional Education (CPE), please let us know and we will send you a certificate of verification.

5. PUBLIC MEETINGS

The purpose of this calendar is to encourage taxpayers to attend public meetings. Taxpaying persons working at your business or living in your neighborhood should be encouraged to attend a meeting of their choice at least once per year. The date and time for the meetings listed below are always subject to change. **Organizations that are underlined have a web page that can be accessed by clicking on their respective hyperlinks.** The contact person is also listed. You should call the appropriate office and confirm the date and time if you plan to attend.

<i>Date</i>	<i>Time</i>	<i>Public Meeting</i>	<i>Location</i>	<i>Contact Info</i>
Thur. Aug. 13	7:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Aug. 17	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Aug. 17	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Aug. 18	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Aug. 18	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Wed. Aug. 19	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat’l, Brazil IN	Janet 800-387-3380
Wed. Aug. 19	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Thur. Aug. 20	2:00 pm	Tree Advisory Board	City Hall Mayor’s Conf. Room	Jennifer 232-4028

Mon.	Aug. 24	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin	232-4767
Mon.	Aug. 24	4:00 pm	<u>County Park Board</u>	County Annex	Julia	462-3391
Mon.	Aug. 24	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff	232-1381
Mon.	Aug. 24	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy	462-4216
Tue.	Aug. 25	9:00 am	<u>County Commissioners</u>	County Annex	Judy	462-3367
Tue.	Aug. 25	5:00 pm	<u>County Council</u>	County Annex	Auditor	462-3361
Wed.	Aug. 26	4:30 pm	<u>City Park Board – Business Meeting</u>	Deming Park	Eddie	232-2727
Wed.	Aug. 26	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad	244-2316
Wed.	Aug. 26	7:00 pm	<u>Airport Authority</u>	Airport	Kara	877-2524
Tue.	Sep. 1	9:00 am	<u>County Commissioners</u>	County Annex	Judy	462-3367
Tue.	Sep. 1	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally	235-5458
Tue.	Sep. 1	4:30 pm	Honey Creek Conservancy District	3241 S. 3 rd Place	Craig	232-4311
Wed.	Sep. 2	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy	462-3367
Wed.	Sep. 2	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie	462-3354
Thur.	Sep. 3	7:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle	232-3375

6. SOME FOOD FOR THOUGHT

*When all is said and done,
More will be said than done.*

END

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