

### **IC 6-1.1-18**

#### **Chapter 18. Limitations on Property Tax Rates and Appropriations**

### **IC 6-1.1-18-1**

#### **Budget, tax rate, and tax levy; exceeding amount published**

Sec. 1. When fixing a budget, tax rate, and tax levy under IC 6-1.1-17-5, the officers of a political subdivision may not fix a budget or tax levy which exceeds the amount published by the political subdivision. The portion of a budget or tax levy which exceeds the published amount is void.

*(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.33-1994, SEC.2.*

### **IC 6-1.1-18-2**

#### **Maximum state tax rate**

Sec. 2. (a) Before January 1, 2009, the state may not impose a combined ad valorem property tax rate on tangible property that exceeds the sum of the ad valorem property tax rates permitted under IC 4-9.1-1-8, IC 15-1.5-7-3 (before July 1, 2008), and IC 15-13-8-3 (after June 30, 2008, and before January 1, 2009). The state tax rate is not subject to review by county boards of tax adjustment or county auditors.

(b) Except as permitted under IC 4-9.1-1-8 to repay notes issued to meet casual deficits in state revenue, the state may not impose an ad valorem property tax rate on tangible property after December 31, 2008.

(c) This section does not apply to political subdivisions of the state.

*(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.6-1997, SEC.81; P.L.224-2007, SEC.17; P.L.146-2008, SEC.165; P.L.1-2010, SEC.26.*

### **IC 6-1.1-18-3**

#### **Maximum political subdivision tax rate**

Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

- (1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or
- (2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

- (1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.
- (2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.
- (3) To pay the principal or interest upon:
  - (A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or
  - (B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.
- (4) To pay the principal or interest upon an obligation issued in the manner provided in:
  - (A) IC 6-1.1-20-3 (before its repeal);
  - (B) IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2; or
  - (C) IC 6-1.1-20-3.5 through IC 6-1.1-20-3.6.
- (5) To pay a judgment rendered against the political subdivision.

(c) Except as otherwise provided in IC 6-1.1-19 (before January 1, 2009), IC 6-1.1-18.5, IC 20-45 (before January 1, 2009), or IC 20-46, a county board of tax adjustment, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

*(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.73-1983, SEC.10; P.L.16-1986, SEC.3; P.L.37-1988, SEC.7; P.L.36-1994, SEC.2; P.L.25-1995, SEC.27; P.L.273-1999, SEC.53; P.L.273-1999, SEC.54; P.L.90-2002, SEC.160; P.L.224-2003, SEC.84; P.L.2-2006, SEC.41; P.L.224-2007, SEC.18; P.L.146-2008, SEC.166; P.L.1-2010, SEC.27.*

#### **IC 6-1.1-18-4**

##### **Appropriations not to exceed budget**

Sec. 4. Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article.

*(Formerly: Acts 1975, P.L.47, SEC.1.)*

#### **IC 6-1.1-18-5**

##### **Proposed additional appropriations; public hearing**

Sec. 5. (a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given

once in accordance with IC 5-3-1-2(b).

(b) If the additional appropriation by the political subdivision is made from a fund that receives:

(1) distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4; or

(2) revenue from property taxes levied under IC 6-1.1;

the political subdivision must report the additional appropriation to the department of local government finance. If the additional appropriation is made from a fund described under this subsection, subsections (f), (g), (h), and (i) apply to the political subdivision.

(c) However, if the additional appropriation is not made from a fund described under subsection (b), subsections (f), (g), (h), and (i) do not apply to the political subdivision. Subsections (f), (g), (h), and (i) do not apply to an additional appropriation made from the cumulative bridge fund if the appropriation meets the requirements under IC 8-16-3-3(c).

(d) A political subdivision may make an additional appropriation without approval of the department of local government finance if the additional appropriation is made from a fund that is not described under subsection (b). However, the fiscal officer of the political subdivision shall report the additional appropriation to the department of local government finance.

(e) After the public hearing, the proper officers of the political subdivision shall file a certified copy of their final proposal and any other relevant information to the department of local government finance.

(f) When the department of local government finance receives a certified copy of a proposal for an additional appropriation under subsection (e), the department shall determine whether sufficient funds are available or will be available for the proposal. The determination shall be made in writing and sent to the political subdivision not more than fifteen (15) days after the department of local government finance receives the proposal.

(g) In making the determination under subsection (f), the department of local government finance shall limit the amount of the additional appropriation to revenues available, or to be made available, which have not been previously appropriated.

(h) If the department of local government finance disapproves an additional appropriation under subsection (f), the department shall specify the reason for its disapproval on the determination sent to the political subdivision.

(i) A political subdivision may request a reconsideration of a determination of the department of local government finance under this section by filing a written request for reconsideration. A request for reconsideration must:

(1) be filed with the department of local government finance within fifteen (15) days of the receipt of the determination by the political subdivision; and

(2) state with reasonable specificity the reason for the request.

The department of local government finance must act on a request for reconsideration within fifteen (15) days of receiving the request. *(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by Acts 1981, P.L.46, SEC.2; P.L.69-1983, SEC.5; P.L.57-1991, SEC.1; P.L.17-1995, SEC.4; P.L.90-2002, SEC.161.*

#### **IC 6-1.1-18-6**

##### **Transfer of money from one budget classification to another**

Sec. 6. (a) The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:

- (1) they determine that the transfer is necessary;
- (2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article; and
- (3) the transfer is made at a regular public meeting and by proper ordinance or resolution.

(b) A transfer may be made under this section without notice and without the approval of the department of local government finance. *(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.57-1991, SEC.2; P.L.90-2002, SEC.162; P.L.173-2003, SEC.7 and P.L.256-2003, SEC.16.*

#### **IC 6-1.1-18-6.5**

##### **Volunteer firefighting purposes; expenditures**

Sec. 6.5. Monies raised by taxes levied by a political subdivision and budgeted for volunteer firefighting contracts and purposes, if appropriated and spent by that political subdivision, shall be appropriated and spent for those purposes only.

*As added by Acts 1979, P.L.58, SEC.1.*

#### **IC 6-1.1-18-7**

##### **Insurance funds; appropriations**

Sec. 7. Notwithstanding the other provisions of this chapter, the fiscal officer of a political subdivision may appropriate funds received from an insurance company if:

- (1) the funds are received as a result of damage to property of the political subdivision; and
- (2) the funds are appropriated for the purpose of repairing or replacing the damaged property.

However, this section applies only if the funds are in fact expended to repair or replace the property within the twelve (12) month period after they are received.

*(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.173-2003, SEC.8.*

#### **IC 6-1.1-18-7.5**

##### **Appropriation of state and federal grant funds**

Sec. 7.5. Notwithstanding any other law, the appropriating body of a political subdivision may appropriate any funds received as a

grant from the state or the federal government without using the additional appropriation procedures under section 5 of this chapter, if the funds are provided or designated by the state or the federal government as a reimbursement of an expenditure made by the political subdivision.

*As added by P.L.15-2005, SEC.1.*

#### **IC 6-1.1-18-8**

##### **Expenditure of state funds by political subdivisions; conditions**

Sec. 8. (a) Except as provided in subsections (b) and (c) of this section, a political subdivision may not expend any funds which it has received from the state and which it is required to include in its budget estimate under IC 1971, 6-1.1-17-2 unless:

(1) the funds have been included in a budget estimate by the political subdivision; and

(2) the funds have been appropriated by the proper officers of the political subdivision in the amounts and for the specific purposes for which they may be used.

(b) The county council shall appropriate funds for the operation of the county highway department for the entire ensuing budget year for which annual appropriations are being made. The appropriation shall be for an amount which is not less than the greater of:

(1) seventy-five percent (75%) of the total estimated to be in the highway fund in the ensuing budget year; or

(2) ninety-nine percent (99%) of the total estimated to be in the highway fund in the ensuing budget year if the county commissioners file with the county council a four (4) year plan for the construction and improvement of county highways and a one (1) year plan for the maintenance and repair of the county highways.

(c) In the event of a casualty, accident, or extraordinary emergency, the proper officers of a political subdivision may use state funds to make an additional appropriation under section 5 of this chapter.

*(Formerly: Acts 1975, P.L.47, SEC.1.)*

#### **IC 6-1.1-18-9**

##### **Reappropriations from erroneous or excessive disbursements; refunds without appropriation**

Sec. 9. Notwithstanding the other provisions of this chapter, the proper officer or officers of a political subdivision may:

(1) reappropriate money recovered from erroneous or excessive disbursements if the error and recovery are made within the current budget year; or

(2) refund, without appropriation, money erroneously received.

*(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.178-2002, SEC.26.*

#### **IC 6-1.1-18-10**

##### **Excessive appropriations; liability of officers; action for recovery**

Sec. 10. (a) If the proper officers of a political subdivision make

an appropriation for an item which exceeds the amount which they are permitted to appropriate under this chapter, they are guilty of malfeasance in office and are liable to the political subdivision in an amount equal to the sum of one hundred and twenty-five percent (125%) of the excess so appropriated and court cost.

(b) Upon the relation of a taxpayer who owns property which is subject to taxation by the political subdivision, the appropriate prosecuting attorney shall initiate an action in the name of this state to recover the amount for which the proper officers of the political subdivision are liable under this section.

*(Formerly: Acts 1975, P.L.47, SEC.1.)*

### **IC 6-1.1-18-11**

#### **Conflicting provisions**

Sec. 11. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-18.5 or IC 20-46, the provisions of IC 6-1.1-18.5 and IC 20-46 control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

*(Formerly: Acts 1975, P.L.47, SEC.1.) As amended by P.L.73-1983, SEC.11; P.L.2-2006, SEC.42; P.L.146-2008, SEC.167.*

### **IC 6-1.1-18-12**

#### **Adjustment of maximum tax rates after reassessment or annual adjustment**

Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

- (1) property tax rate or rates; or
- (2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted each year to account for the change in assessed value of real property that results from:

- (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or
- (2) a general reassessment of real property under IC 6-1.1-4-4.

(d) The statutes to which subsection (a) refers are:

- (1) IC 8-10-5-17;
- (2) IC 8-22-3-11;
- (3) IC 8-22-3-25;
- (4) IC 12-29-1-1;
- (5) IC 12-29-1-2;
- (6) IC 12-29-1-3;
- (7) IC 12-29-3-6;
- (8) IC 13-21-3-12;
- (9) IC 13-21-3-15;
- (10) IC 14-27-6-30;

- (11) IC 14-33-7-3;
- (12) IC 14-33-21-5;
- (13) IC 15-14-7-4;
- (14) IC 15-14-9-1;
- (15) IC 15-14-9-2;
- (16) IC 16-20-2-18;
- (17) IC 16-20-4-27;
- (18) IC 16-20-7-2;
- (19) IC 16-22-14;
- (20) IC 16-23-1-29;
- (21) IC 16-23-3-6;
- (22) IC 16-23-4-2;
- (23) IC 16-23-5-6;
- (24) IC 16-23-7-2;
- (25) IC 16-23-8-2;
- (26) IC 16-23-9-2;
- (27) IC 16-41-15-5;
- (28) IC 16-41-33-4;
- (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
- (30) IC 20-46-6-5;
- (31) IC 20-49-2-10;
- (32) IC 36-1-19-1;
- (33) IC 23-14-66-2;
- (34) IC 23-14-67-3;
- (35) IC 36-7-13-4;
- (36) IC 36-7-14-28;
- (37) IC 36-7-15.1-16;
- (38) IC 36-8-19-8.5;
- (39) IC 36-9-6.1-2;
- (40) IC 36-9-17.5-4;
- (41) IC 36-9-27-73;
- (42) IC 36-9-29-31;
- (43) IC 36-9-29.1-15;
- (44) IC 36-10-6-2;
- (45) IC 36-10-7-7;
- (46) IC 36-10-7-8;
- (47) IC 36-10-7.5-19;
- (48) IC 36-10-13-5;
- (49) IC 36-10-13-7;
- (50) IC 36-10-14-4;
- (51) IC 36-12-7-7;
- (52) IC 36-12-7-8;
- (53) IC 36-12-12-10; and
- (54) any statute enacted after December 31, 2003, that:
  - (A) establishes a maximum rate for any part of the:
    - (i) property taxes; or
    - (ii) special benefits taxes;imposed by a political subdivision; and
  - (B) does not exempt the maximum rate from the adjustment under this section.

(e) The new maximum rate under a statute listed in subsection (d) is the tax rate determined under STEP SEVEN of the following STEPS:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax or special benefits tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Except as provided in subsection (g), determine the actual percentage change (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment takes effect.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: Except as provided in subsection (g), compute separately, for each of the calendar years determined in STEP THREE, the actual percentage change (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

(g) This subsection applies to STEP TWO and STEP FOUR of subsection (e) for taxes first due and payable after 2011. If the assessed value change used in the STEPS was not an increase, the STEPS are applied using instead:

(1) the actual percentage decrease (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property; or

(2) zero (0) if the assessed value did not increase or decrease.

*As added by P.L.1-2004, SEC.20 and P.L.23-2004, SEC.21. Amended by P.L.78-2004, SEC.1; P.L.1-2005, SEC.87; P.L.2-2006, SEC.43; P.L.154-2006, SEC.45; P.L.2-2007, SEC.115; P.L.219-2007, SEC.52; P.L.2-2008, SEC.23; P.L.146-2008, SEC.168;*

*P.L.172-2011, SEC.34.*

**IC 6-1.1-18-13**

**School capital projects fund; adjustment for effects of reassessment or annual adjustment**

Sec. 13. (a) The maximum property tax rate levied under IC 20-46-6 by each school corporation for the school corporation's capital projects fund must be adjusted each year to account for the change in assessed value of real property that results from:

- (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or
- (2) a general reassessment of real property under IC 6-1.1-4-4.

(b) The new maximum rate under this section is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the school corporation for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

- (A) Zero (0).
- (B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(c) The department of local government finance shall compute the maximum rate allowed under subsection (b) and provide the rate to each school corporation.

*As added by P.L.2-2006, SEC.44. Amended by P.L.219-2007, SEC.53.*