



January 24, 2022

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## HOUSE BILL No. 1246

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DIGEST OF HB 1246 (Updated January 24, 2022 12:50 pm - DI 125)

**Citations Affected:** IC 6-1.1; IC 36-7; IC 36-8.

**Synopsis:** Fire protection territories. Provides that a fire protection territory that experiences more than 6% population growth during a 10 year period may increase its maximum property tax levy for 2023 or any year thereafter by an amount based on the population growth that exceeds 6%. Provides, however, that the fire protection territory may not increase the tax levy based on the population growth by a total rate of more than 0.15 per \$100 of the net assessed value of the fire protection territory area within a 10 year period. Allows a total tax rate levied upon the formation of a fire protection territory established after December 31, 2022, to be implemented over a number of years, not exceeding five, and subject to review and approval by the department of local government finance. Provides that a participating unit's proceeds of property taxes imposed to meet the participating unit's obligations to a fire protection territory are exempt from areas needing redevelopment, redevelopment project areas, urban renewal project areas, economic development areas, or economic development districts established after December 31, 2021.

**Effective:** Upon passage; January 1, 2022 (retroactive); July 1, 2022.

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## Lehe, Thompson, Cherry, Engleman

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January 6, 2022, read first time and referred to Committee on Ways and Means.  
January 24, 2022, amended, reported — Do Pass.

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HB 1246—LS 6605/DI 129





January 24, 2022

Second Regular Session of the 122nd General Assembly (2022)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2021 Regular Session of the General Assembly.

## HOUSE BILL No. 1246

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-18-29.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE UPON PASSAGE]: **Sec. 29.5. (a) The executive of a**  
4 **unit serving as the provider unit of a fire protection territory may,**  
5 **upon approval by the provider unit's fiscal body, submit a petition**  
6 **to the department of local government finance for an increase in**  
7 **the fire protection territory's maximum permissible ad valorem**  
8 **property tax levy for its fire protection territory fund under**  
9 **IC 36-8-19-8 for property taxes first due and payable in 2023 or for**  
10 **any year thereafter for which a petition is submitted under this**  
11 **section.**

12 (b) If a petition is submitted as provided in subsection (a) before  
13 August 1, 2022, or April 1 of a year thereafter, the department of  
14 local government finance shall increase the fire protection  
15 territory's maximum permissible ad valorem property tax levy for  
16 the fire protection territory fund under IC 36-8-19-8 for property  
17 taxes first due and payable in the immediately succeeding year by

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1 using the following formula for purposes of subsection (c)(2):

2 **STEP ONE:** Determine the percentage increase in the  
 3 population, as determined by the provider unit's fiscal body  
 4 and as may be prescribed by the department of local  
 5 government finance, that is within the fire protection territory  
 6 area during the ten (10) year period immediately preceding  
 7 the year in which the petition is submitted under subsection  
 8 (a). The provider unit's fiscal body may use the most recently  
 9 available population data issued by the Bureau of the Census  
 10 during the ten (10) year period immediately preceding the  
 11 petition.

12 **STEP TWO:** Determine the greater of zero (0) or the result  
 13 of:

14 (A) the STEP ONE percentage; minus

15 (B) six percent (6%);

16 expressed as a decimal.

17 **STEP THREE:** Determine a rate that is the lesser of:

18 (A) fifteen-hundredths (0.15); or

19 (B) the STEP TWO result.

20 **STEP FOUR:** Reduce the STEP THREE rate by any rate  
 21 increase in the fire protection territory's property tax rate for  
 22 its fire protection territory fund within the immediately  
 23 preceding ten (10) year period that was made based on a  
 24 petition submitted by the fire protection territory under this  
 25 section.

26 (c) The fire protection territory's maximum permissible ad  
 27 valorem property tax levy for its fire protection territory fund  
 28 under IC 36-8-19-8 for property taxes first due and payable in a  
 29 given year, as adjusted under this section, shall be calculated as:

30 (1) the amount of the ad valorem property tax levy increase  
 31 for the fire protection territory fund without regard to this  
 32 section; plus

33 (2) an amount equal to the result of:

34 (A) the rate determined under the formula in subsection

35 (b); multiplied by

36 (B) the net assessed value of the fire protection territory  
 37 area divided by one hundred (100).

38 The calculation under this subsection shall be used in the  
 39 determination of the fire protection territory's maximum  
 40 permissible ad valorem property tax levy under IC 36-8-19-8 for  
 41 property taxes first due and payable in the first year of the increase  
 42 and thereafter.



1 SECTION 2. IC 6-1.1-18.5-10.5, AS AMENDED BY P.L. 159-2020,  
2 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2022]: Sec. 10.5. (a) The ad valorem property tax levy limits  
4 imposed by section 3 of this chapter do not apply to ad valorem  
5 property taxes imposed by a civil taxing unit for fire protection services  
6 within a fire protection territory under IC 36-8-19, if the civil taxing  
7 unit is a participating unit in a fire protection territory established  
8 before August 1, 2001. For purposes of computing the ad valorem  
9 property tax levy limits imposed on a civil taxing unit by section 3 of  
10 this chapter on a civil taxing unit that is a participating unit in a fire  
11 protection territory, established before August 1, 2001, the civil taxing  
12 unit's ad valorem property tax levy for a particular calendar year does  
13 not include that part of the levy imposed under IC 36-8-19. Any  
14 property taxes imposed by a civil taxing unit that are exempted by this  
15 subsection from the ad valorem property tax levy limits imposed by  
16 section 3 of this chapter and first due and payable after December 31,  
17 2008, may not increase annually by a percentage greater than the result  
18 of:

19 (1) the maximum levy growth quotient determined under section  
20 2 of this chapter; minus

21 (2) one (1).

22 (b) The department of local government finance may, under this  
23 subsection, increase the maximum permissible ad valorem property tax  
24 levy that would otherwise apply to a civil taxing unit under section 3  
25 of this chapter to meet the civil taxing unit's obligations to a fire  
26 protection territory established under IC 36-8-19. To obtain an increase  
27 in the civil taxing unit's maximum permissible ad valorem property tax  
28 levy, a civil taxing unit shall submit a petition to the department of  
29 local government finance in the year immediately preceding the first  
30 year in which the civil taxing unit levies a tax to support the fire  
31 protection territory. The petition must be filed before the date specified  
32 in section 12(a)(1) of this chapter of that year. The department of local  
33 government finance shall make a final determination of the civil taxing  
34 unit's budget, ad valorem property tax levy, and property tax rate for the  
35 fire protection territory for the ensuing calendar year. In making its  
36 determination under this subsection, the department of local  
37 government finance shall consider the amount that the civil taxing unit  
38 is obligated to provide to meet the expenses of operation and  
39 maintenance of the fire protection services within the territory,  
40 including the participating unit's reasonable share of an operating  
41 balance for the fire protection territory. The department of local  
42 government finance shall determine the entire amount of the allowable



1 adjustment in the final determination. The department shall order the  
 2 adjustment implemented in the amounts and over the number of years,  
 3 not exceeding three (3), requested by the petitioning civil taxing unit.  
 4 However, the department of local government finance may not approve  
 5 under this subsection a property tax levy greater than zero (0) if the  
 6 civil taxing unit did not exist as of the assessment date for which the  
 7 tax levy will be imposed. For purposes of applying this subsection to  
 8 the civil taxing unit's maximum permissible ad valorem property tax  
 9 levy in subsequent calendar years, the department of local government  
 10 finance may determine not to consider part or all of the part of the  
 11 property tax levy imposed to establish the operating balance of the fire  
 12 protection territory.

13 **(c) This subsection applies to a participating unit in a fire**  
 14 **protection territory established under IC 36-8-19 after December**  
 15 **31, 2022. Notwithstanding any other law, if a total tax rate levied**  
 16 **upon the formation of a fire protection territory established under**  
 17 **IC 36-8-19 is to be implemented over a number of years as**  
 18 **provided in IC 36-8-19-7(c), the maximum permissible ad valorem**  
 19 **property tax levy that would otherwise apply to a participating**  
 20 **unit under section 3 of this chapter to meet the participating unit's**  
 21 **obligations to a fire protection territory does not apply to ad**  
 22 **valorem property taxes imposed by the participating unit to meet**  
 23 **the participating unit's obligations to the fire protection territory**  
 24 **over the number of years in which the total tax rate is to be**  
 25 **implemented by each participating unit. For purposes of**  
 26 **calculating the maximum permissible ad valorem property tax levy**  
 27 **imposed by a participating unit for each year for which the**  
 28 **participating unit implements a total tax rate to support the fire**  
 29 **protection territory, the participating unit's maximum permissible**  
 30 **ad valorem property tax levy for the preceding calendar year**  
 31 **under section 3(a) STEP ONE of this chapter is increased each**  
 32 **year by an amount equal to the difference between:**

- 33 **(1) the amount the participating unit will have to levy for the**  
 34 **ensuing calendar year in order to fund the participating unit's**  
 35 **share of the fire protection territory budget for the operating**  
 36 **costs as provided in the ordinance or resolution making the**  
 37 **unit a participating unit in the fire protection territory; and**  
 38 **(2) the participating unit's levy for fire protection services for**  
 39 **the calendar year that immediately precedes the ensuing**  
 40 **calendar year in which the participating unit levies a tax to**  
 41 **support the fire protection territory.**

42 SECTION 3. IC 6-1.1-39-1 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]:  
 2 Sec. 1. (a) This chapter applies to all counties, cities, and towns  
 3 (referred to in this chapter as units).

4 (b) Notwithstanding any other law, for economic development  
 5 districts established:

6 (1) after January 1, 1992, this chapter does not apply to fire  
 7 protection districts established under IC 36-8-11; **and**

8 **(2) after December 31, 2021, this chapter does not apply to the**  
 9 **part of a participating unit's proceeds of property taxes**  
 10 **imposed for an assessment date with respect to which the**  
 11 **allocation and distribution is made that are attributable to**  
 12 **property taxes imposed to meet the participating unit's**  
 13 **obligations to a fire protection territory established under**  
 14 **IC 36-8-19.**

15 SECTION 4. IC 36-7-14-1.7 IS ADDED TO THE INDIANA CODE  
 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 17 JANUARY 1, 2022 (RETROACTIVE)]: **Sec. 1.7. Notwithstanding**  
 18 **any other law, for:**

19 (1) areas needing redevelopment;

20 (2) redevelopment project areas;

21 (3) urban renewal project areas; or

22 (4) economic development areas;

23 **established after December 31, 2021, this chapter does not apply to**  
 24 **the part of a participating unit's proceeds of property taxes**  
 25 **imposed for an assessment date with respect to which the allocation**  
 26 **and distribution is made that are attributable to property taxes**  
 27 **imposed to meet the participating unit's obligations to a fire**  
 28 **protection territory established under IC 36-8-19.**

29 SECTION 5. IC 36-8-19-6, AS AMENDED BY P.L.14-2021,  
 30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 2022]: Sec. 6. (a) To establish or expand a fire protection  
 32 territory, the legislative bodies of each unit or fire protection district:

33 (1) desiring to establish a fire protection territory; or

34 (2) desiring to expand an existing fire protection territory by:

35 (A) becoming a participating unit in; or

36 (B) approving the addition of a participating unit in;

37 an existing fire protection territory;

38 must adopt an ordinance (in the case of a county or municipality) or a  
 39 resolution (in the case of a township or a fire protection district).

40 (b) The ordinance or resolution must meet the following  
 41 requirements:

42 (1) The ordinance or resolution is identical to the ordinances and



- 1 resolutions adopted by the other units or fire protection districts  
 2 desiring to establish or expand the proposed territory.
- 3 (2) The ordinance or resolution is adopted after January 1 but  
 4 before April 1.
- 5 (3) The ordinance or resolution authorizes the unit or fire  
 6 protection district to become a party to an agreement for the  
 7 establishment of a fire protection territory or the expansion of an  
 8 existing fire protection territory.
- 9 (4) An ordinance or resolution is adopted after the legislative  
 10 body holds at least three (3) public hearings to receive public  
 11 comment on the proposed ordinance or resolution as follows:
- 12 (A) At least one (1) public hearing must be held at least thirty  
 13 (30) days before the legislative body votes on the adoption of  
 14 the ordinance or resolution. At the hearing, the legislative  
 15 body shall make available to the public the information  
 16 required by subsection (c) concerning the fiscal impact of the  
 17 proposed fire protection territory.
- 18 (B) At least two (2) public hearings must be held after the  
 19 public hearing in clause (A), with the last public hearing held  
 20 not later than ten (10) days before the legislative body votes on  
 21 the adoption of the ordinance or resolution.
- 22 The legislative body must give notice of the hearings under  
 23 IC 5-3-1.
- 24 (c) The legislative body must make available to the public the  
 25 following information:
- 26 (1) The property tax levy, property tax rate, and budget to be  
 27 imposed or adopted during the first year of the proposed territory  
 28 for each of the units or fire protection districts that would  
 29 participate in the proposed territory. **If a property tax rate is to**  
 30 **be implemented over a number of years as provided in section**  
 31 **7(c) of this chapter, the information under this subdivision**  
 32 **must include the amount of the intended property tax rate**  
 33 **after having been fully implemented.**
- 34 (2) The estimated effect of the proposed reorganization in the  
 35 following years on taxpayers in each of the units or fire protection  
 36 districts that would participate in the proposed territory, including  
 37 the expected property tax rates, property tax levies, expenditure  
 38 levels, service levels, and annual debt service payments.
- 39 (3) The estimated effect of the proposed reorganization on other  
 40 units in the county in the following years and on local option  
 41 income taxes, excise taxes, and property tax circuit breaker  
 42 credits.





- 1 (4) A description of the planned services and staffing levels to be  
 2 provided in the proposed territory.  
 3 (5) A description of any capital improvements to be provided in  
 4 the proposed territory.  
 5 (d) The notice required for a hearing under subsection (b)(4) shall  
 6 include all of the following:  
 7 (1) A list of the provider unit and all participating units in the  
 8 proposed territory.  
 9 (2) The date, time, and location of the hearing.  
 10 (3) The location where the public can inspect the proposed  
 11 ordinance or resolution.  
 12 (4) A statement as to whether the proposed ordinance or  
 13 resolution requires uniform tax rates or different tax rates within  
 14 the territory.  
 15 (5) The name and telephone number of a representative of the unit  
 16 or fire protection district who may be contacted for further  
 17 information.  
 18 (6) The proposed levies and tax rates for each participating unit,  
 19 **and whether a tax rate will be implemented over a number of**  
 20 **years under section 7(c) of this chapter.**  
 21 (e) The ordinance or resolution adopted under this section shall  
 22 include at least the following:  
 23 (1) The boundaries of the proposed territory.  
 24 (2) The identity of the provider unit and all other participating  
 25 units desiring to be included within the territory.  
 26 (3) An agreement to impose:  
 27 (A) a uniform tax rate upon all of the taxable property within  
 28 the territory for fire protection services; or  
 29 (B) different tax rates for fire protection services for the units  
 30 or fire protection districts desiring to be included within the  
 31 territory, so long as a tax rate applies uniformly to all of a  
 32 unit's or fire protection district's taxable property within the  
 33 territory.  
 34 (4) An agreement as to how the property that is held by the  
 35 territory will be disposed of if:  
 36 (A) a participating unit withdraws from the territory; or  
 37 (B) the territory is dissolved.  
 38 (5) The contents of the agreement to establish the territory.  
 39 (f) An ordinance or a resolution adopted under this section takes  
 40 effect July 1 of the year the ordinance or resolution is adopted.  
 41 SECTION 6. IC 36-8-19-7, AS AMENDED BY P.L.255-2017,  
 42 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2022]: Sec. 7. (a) A tax levied under this chapter may be  
2 levied at:

- 3 (1) a uniform rate upon all taxable property within the territory;  
4 or  
5 (2) different rates for the participating units included within the  
6 territory, so long as a tax rate applies uniformly to all of a unit's  
7 or fire protection district's taxable property within the territory.

8 (b) If a uniform tax rate is levied upon all taxable property within a  
9 territory upon the formation of the territory, different tax rates may be  
10 levied for the participating units included within the territory in  
11 subsequent years.

12 **(c) This subsection applies to a territory established by an**  
13 **ordinance or a resolution adopted under this chapter after**  
14 **December 31, 2022. A total tax rate levied under this chapter upon**  
15 **taxable property within a territory upon the formation of the**  
16 **territory may be implemented over a number of years, not**  
17 **exceeding five (5), and in a manner subject to review and approval**  
18 **by the department of local government finance.**

19 SECTION 7. IC 36-8-19-8, AS AMENDED BY P.L.183-2014,  
20 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JULY 1, 2022]: Sec. 8. (a) Upon the adoption of identical ordinances  
22 or resolutions, or both, by the participating units under section 6 of this  
23 chapter, the designated provider unit must establish a fire protection  
24 territory fund from which all expenses of operating and maintaining the  
25 fire protection services within the territory, including repairs, fees,  
26 salaries, depreciation on all depreciable assets, rents, supplies,  
27 contingencies, and all other expenses lawfully incurred within the  
28 territory shall be paid. The purposes described in this subsection are the  
29 sole purposes of the fund, and money in the fund may not be used for  
30 any other expenses. Except as allowed in subsections (d) and (e) and  
31 section 8.5 of this chapter, the provider unit is not authorized to transfer  
32 money out of the fund at any time.

33 (b) The fund consists of the following:

- 34 (1) All receipts from the tax imposed under this section.  
35 (2) Any money transferred to the fund by the provider unit as  
36 authorized under subsection (d).  
37 (3) Any receipts from a false alarm fee or service charge imposed  
38 by the participating units under IC 36-8-13-4.  
39 (4) Any money transferred to the fund by a participating unit  
40 under section 8.6 of this chapter.

41 (c) The provider unit, with the assistance of each of the other  
42 participating units, shall annually budget the necessary money to meet



1 the expenses of operation and maintenance of the fire protection  
 2 services within the territory. The provider unit may maintain a  
 3 reasonable balance, not to exceed one hundred twenty percent (120%)  
 4 of the budgeted expenses. Except as provided in IC 6-1.1-18.5-10.5,  
 5 **and subject to section 7(c) of this chapter**, after estimating expenses  
 6 and receipts of money, the provider unit shall establish the tax levy  
 7 required to fund the estimated budget. **Subject to**  
 8 **IC 6-1.1-18.5-10.5(c)**, the amount budgeted under this subsection shall  
 9 be considered a part of each of the participating unit's budget.

10 (d) If the amount levied in a particular year is insufficient to cover  
 11 the costs incurred in providing fire protection services within the  
 12 territory, the provider unit may transfer from available sources to the  
 13 fire protection territory fund the money needed to cover those costs. In  
 14 this case:

15 (1) the levy in the following year shall be increased by the amount  
 16 required to be transferred; and

17 (2) the provider unit is entitled to transfer the amount described  
 18 in subdivision (1) from the fund as reimbursement to the provider  
 19 unit.

20 (e) If the amount levied in a particular year exceeds the amount  
 21 necessary to cover the costs incurred in providing fire protection  
 22 services within the territory, the levy in the following year shall be  
 23 reduced by the amount of surplus money that is not transferred to the  
 24 equipment replacement fund established under section 8.5 of this  
 25 chapter. The amount that may be transferred to the equipment  
 26 replacement fund may not exceed five percent (5%) of the levy for that  
 27 fund for that year. Each participating unit must agree to the amount to  
 28 be transferred by adopting an ordinance (if the unit is a county or  
 29 municipality) or a resolution (if the unit is a township) that specifies an  
 30 identical amount to be transferred.

31 (f) The tax under this section is subject to the tax levy limitations  
 32 imposed under IC 6-1.1-18.5-10.5.

33 **SECTION 8. An emergency is declared for this act.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1246, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 42, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-18.5-10.5, AS AMENDED BY P.L.159-2020, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 10.5. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit for fire protection services within a fire protection territory under IC 36-8-19, if the civil taxing unit is a participating unit in a fire protection territory established before August 1, 2001. For purposes of computing the ad valorem property tax levy limits imposed on a civil taxing unit by section 3 of this chapter on a civil taxing unit that is a participating unit in a fire protection territory, established before August 1, 2001, the civil taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under IC 36-8-19. Any property taxes imposed by a civil taxing unit that are exempted by this subsection from the ad valorem property tax levy limits imposed by section 3 of this chapter and first due and payable after December 31, 2008, may not increase annually by a percentage greater than the result of:

- (1) the maximum levy growth quotient determined under section 2 of this chapter; minus
- (2) one (1).

(b) The department of local government finance may, under this subsection, increase the maximum permissible ad valorem property tax levy that would otherwise apply to a civil taxing unit under section 3 of this chapter to meet the civil taxing unit's obligations to a fire protection territory established under IC 36-8-19. To obtain an increase in the civil taxing unit's maximum permissible ad valorem property tax levy, a civil taxing unit shall submit a petition to the department of local government finance in the year immediately preceding the first year in which the civil taxing unit levies a tax to support the fire protection territory. The petition must be filed before the date specified in section 12(a)(1) of this chapter of that year. The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for the fire protection territory for the ensuing calendar year. In making its



determination under this subsection, the department of local government finance shall consider the amount that the civil taxing unit is obligated to provide to meet the expenses of operation and maintenance of the fire protection services within the territory, including the participating unit's reasonable share of an operating balance for the fire protection territory. The department of local government finance shall determine the entire amount of the allowable adjustment in the final determination. The department shall order the adjustment implemented in the amounts and over the number of years, not exceeding three (3), requested by the petitioning civil taxing unit. However, the department of local government finance may not approve under this subsection a property tax levy greater than zero (0) if the civil taxing unit did not exist as of the assessment date for which the tax levy will be imposed. For purposes of applying this subsection to the civil taxing unit's maximum permissible ad valorem property tax levy in subsequent calendar years, the department of local government finance may determine not to consider part or all of the part of the property tax levy imposed to establish the operating balance of the fire protection territory.

**(c) This subsection applies to a participating unit in a fire protection territory established under IC 36-8-19 after December 31, 2022. Notwithstanding any other law, if a total tax rate levied upon the formation of a fire protection territory established under IC 36-8-19 is to be implemented over a number of years as provided in IC 36-8-19-7(c), the maximum permissible ad valorem property tax levy that would otherwise apply to a participating unit under section 3 of this chapter to meet the participating unit's obligations to a fire protection territory does not apply to ad valorem property taxes imposed by the participating unit to meet the participating unit's obligations to the fire protection territory over the number of years in which the total tax rate is to be implemented by each participating unit. For purposes of calculating the maximum permissible ad valorem property tax levy imposed by a participating unit for each year for which the participating unit implements a total tax rate to support the fire protection territory, the participating unit's maximum permissible ad valorem property tax levy for the preceding calendar year under section 3(a) STEP ONE of this chapter is increased each year by an amount equal to the difference between:**

**(1) the amount the participating unit will have to levy for the ensuing calendar year in order to fund the participating unit's share of the fire protection territory budget for the operating**



**costs as provided in the ordinance or resolution making the unit a participating unit in the fire protection territory; and (2) the participating unit's levy for fire protection services for the calendar year that immediately precedes the ensuing calendar year in which the participating unit levies a tax to support the fire protection territory.**

SECTION 3. IC 6-1.1-39-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]:  
Sec. 1. (a) This chapter applies to all counties, cities, and towns (referred to in this chapter as units).

(b) Notwithstanding any other law, for economic development districts established:

**(1) after January 1, 1992, this chapter does not apply to fire protection districts established under IC 36-8-11; and**

**(2) after December 31, 2021, this chapter does not apply to the part of a participating unit's proceeds of property taxes imposed for an assessment date with respect to which the allocation and distribution is made that are attributable to property taxes imposed to meet the participating unit's obligations to a fire protection territory established under IC 36-8-19.**

SECTION 4. IC 36-7-14-1.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2022 (RETROACTIVE)]: **Sec. 1.7. Notwithstanding any other law, for:**

- (1) areas needing redevelopment;**
- (2) redevelopment project areas;**
- (3) urban renewal project areas; or**
- (4) economic development areas;**

**established after December 31, 2021, this chapter does not apply to the part of a participating unit's proceeds of property taxes imposed for an assessment date with respect to which the allocation and distribution is made that are attributable to property taxes imposed to meet the participating unit's obligations to a fire protection territory established under IC 36-8-19.**

SECTION 5. IC 36-8-19-6, AS AMENDED BY P.L.14-2021, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 6. (a) To establish or expand a fire protection territory, the legislative bodies of each unit or fire protection district:

- (1) desiring to establish a fire protection territory; or
- (2) desiring to expand an existing fire protection territory by:
  - (A) becoming a participating unit in; or



(B) approving the addition of a participating unit in;  
 an existing fire protection territory;  
 must adopt an ordinance (in the case of a county or municipality) or a  
 resolution (in the case of a township or a fire protection district).

(b) The ordinance or resolution must meet the following  
 requirements:

(1) The ordinance or resolution is identical to the ordinances and  
 resolutions adopted by the other units or fire protection districts  
 desiring to establish or expand the proposed territory.

(2) The ordinance or resolution is adopted after January 1 but  
 before April 1.

(3) The ordinance or resolution authorizes the unit or fire  
 protection district to become a party to an agreement for the  
 establishment of a fire protection territory or the expansion of an  
 existing fire protection territory.

(4) An ordinance or resolution is adopted after the legislative  
 body holds at least three (3) public hearings to receive public  
 comment on the proposed ordinance or resolution as follows:

(A) At least one (1) public hearing must be held at least thirty  
 (30) days before the legislative body votes on the adoption of  
 the ordinance or resolution. At the hearing, the legislative  
 body shall make available to the public the information  
 required by subsection (c) concerning the fiscal impact of the  
 proposed fire protection territory.

(B) At least two (2) public hearings must be held after the  
 public hearing in clause (A), with the last public hearing held  
 not later than ten (10) days before the legislative body votes on  
 the adoption of the ordinance or resolution.

The legislative body must give notice of the hearings under  
 IC 5-3-1.

(c) The legislative body must make available to the public the  
 following information:

(1) The property tax levy, property tax rate, and budget to be  
 imposed or adopted during the first year of the proposed territory  
 for each of the units or fire protection districts that would  
 participate in the proposed territory. **If a property tax rate is to  
 be implemented over a number of years as provided in section  
 7(c) of this chapter, the information under this subdivision  
 must include the amount of the intended property tax rate  
 after having been fully implemented.**

(2) The estimated effect of the proposed reorganization in the  
 following years on taxpayers in each of the units or fire protection



districts that would participate in the proposed territory, including the expected property tax rates, property tax levies, expenditure levels, service levels, and annual debt service payments.

(3) The estimated effect of the proposed reorganization on other units in the county in the following years and on local option income taxes, excise taxes, and property tax circuit breaker credits.

(4) A description of the planned services and staffing levels to be provided in the proposed territory.

(5) A description of any capital improvements to be provided in the proposed territory.

(d) The notice required for a hearing under subsection (b)(4) shall include all of the following:

(1) A list of the provider unit and all participating units in the proposed territory.

(2) The date, time, and location of the hearing.

(3) The location where the public can inspect the proposed ordinance or resolution.

(4) A statement as to whether the proposed ordinance or resolution requires uniform tax rates or different tax rates within the territory.

(5) The name and telephone number of a representative of the unit or fire protection district who may be contacted for further information.

(6) The proposed levies and tax rates for each participating unit, **and whether a tax rate will be implemented over a number of years under section 7(c) of this chapter.**

(e) The ordinance or resolution adopted under this section shall include at least the following:

(1) The boundaries of the proposed territory.

(2) The identity of the provider unit and all other participating units desiring to be included within the territory.

(3) An agreement to impose:

(A) a uniform tax rate upon all of the taxable property within the territory for fire protection services; or

(B) different tax rates for fire protection services for the units or fire protection districts desiring to be included within the territory, so long as a tax rate applies uniformly to all of a unit's or fire protection district's taxable property within the territory.

(4) An agreement as to how the property that is held by the territory will be disposed of if:





(A) a participating unit withdraws from the territory; or

(B) the territory is dissolved.

(5) The contents of the agreement to establish the territory.

(f) An ordinance or a resolution adopted under this section takes effect July 1 of the year the ordinance or resolution is adopted.

SECTION 6. IC 36-8-19-7, AS AMENDED BY P.L.255-2017, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 7. (a) A tax levied under this chapter may be levied at:

(1) a uniform rate upon all taxable property within the territory;

or

(2) different rates for the participating units included within the territory, so long as a tax rate applies uniformly to all of a unit's or fire protection district's taxable property within the territory.

(b) If a uniform tax rate is levied upon all taxable property within a territory upon the formation of the territory, different tax rates may be levied for the participating units included within the territory in subsequent years.

**(c) This subsection applies to a territory established by an ordinance or a resolution adopted under this chapter after December 31, 2022. A total tax rate levied under this chapter upon taxable property within a territory upon the formation of the territory may be implemented over a number of years, not exceeding five (5), and in a manner subject to review and approval by the department of local government finance.**

SECTION 7. IC 36-8-19-8, AS AMENDED BY P.L.183-2014, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 8. (a) Upon the adoption of identical ordinances or resolutions, or both, by the participating units under section 6 of this chapter, the designated provider unit must establish a fire protection territory fund from which all expenses of operating and maintaining the fire protection services within the territory, including repairs, fees, salaries, depreciation on all depreciable assets, rents, supplies, contingencies, and all other expenses lawfully incurred within the territory shall be paid. The purposes described in this subsection are the sole purposes of the fund, and money in the fund may not be used for any other expenses. Except as allowed in subsections (d) and (e) and section 8.5 of this chapter, the provider unit is not authorized to transfer money out of the fund at any time.

(b) The fund consists of the following:

(1) All receipts from the tax imposed under this section.

(2) Any money transferred to the fund by the provider unit as



authorized under subsection (d).

(3) Any receipts from a false alarm fee or service charge imposed by the participating units under IC 36-8-13-4.

(4) Any money transferred to the fund by a participating unit under section 8.6 of this chapter.

(c) The provider unit, with the assistance of each of the other participating units, shall annually budget the necessary money to meet the expenses of operation and maintenance of the fire protection services within the territory. The provider unit may maintain a reasonable balance, not to exceed one hundred twenty percent (120%) of the budgeted expenses. Except as provided in IC 6-1.1-18.5-10.5, **and subject to section 7(c) of this chapter**, after estimating expenses and receipts of money, the provider unit shall establish the tax levy required to fund the estimated budget. **Subject to IC 6-1.1-18.5-10.5(c)**, the amount budgeted under this subsection shall be considered a part of each of the participating unit's budget.

(d) If the amount levied in a particular year is insufficient to cover the costs incurred in providing fire protection services within the territory, the provider unit may transfer from available sources to the fire protection territory fund the money needed to cover those costs. In this case:

(1) the levy in the following year shall be increased by the amount required to be transferred; and

(2) the provider unit is entitled to transfer the amount described in subdivision (1) from the fund as reimbursement to the provider unit.

(e) If the amount levied in a particular year exceeds the amount necessary to cover the costs incurred in providing fire protection services within the territory, the levy in the following year shall be reduced by the amount of surplus money that is not transferred to the equipment replacement fund established under section 8.5 of this chapter. The amount that may be transferred to the equipment replacement fund may not exceed five percent (5%) of the levy for that fund for that year. Each participating unit must agree to the amount to be transferred by adopting an ordinance (if the unit is a county or municipality) or a resolution (if the unit is a township) that specifies an identical amount to be transferred.



(f) The tax under this section is subject to the tax levy limitations imposed under IC 6-1.1-18.5-10.5."

Renumber all SECTIONS consecutively.  
and when so amended that said bill do pass.

(Reference is to HB 1246 as introduced.)

BROWN T

Committee Vote: yeas 14, nays 0.

