

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6657**

**BILL NUMBER: SB 238**

**NOTE PREPARED: Jan 12, 2006**

**BILL AMENDED:**

**SUBJECT:** Marion County Fire Consolidation.

**FIRST AUTHOR:** Sen. Lutz L

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Consolidation of Fire Protection Services:* This bill consolidates the fire departments of the townships, fire protection territories, and the airport authority into the fire department of a consolidated city if the legislative body of the consolidated city adopts an ordinance and the mayor of the consolidated city approves the ordinance.

*Excluded Cities:* It establishes a procedure for the fire department of an excluded city or town to be consolidated into the fire department of a consolidated city if the legislative body of the excluded city or town and the city-county legislative body adopt substantially similar ordinances authorizing the consolidation.

*Advisory Board:* It requires the fire department of a consolidated city to establish, operate, and maintain emergency ambulance services in the fire district served by the consolidated fire department. The bill provides that, if fire departments are consolidated in Marion County, the Fire and Emergency Medical Services Advisory Board is established to advise and make recommendations to the fire chief of the consolidated fire department on matters concerning fire and emergency medical services in each unit affected by consolidation. The bill also allows the Advisory Board to veto any proposed changes in the placement of fire stations and emergency response apparatus in areas served by the consolidated fire department.

**Effective Date:** July 1, 2006; January 1, 2007.

**Explanation of State Expenditures:** *All Provisions Regarding Property Tax:* Assuming that taxing units will levy up to their maximum levy authority, the overall total of the affected entities' maximum levies and levies would not change as a result of this proposal. Therefore, state expenses for PTRC and homestead credits would

be unaffected by this bill.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The following provisions may lead to cost savings by removing duplication of services and increasing administrative efficiencies. Additionally, the bill includes other provisions that will have minor fiscal impacts on the townships, city, and county.

*Consolidation of Fire Protection Services:* Under the bill, township fire departments and the Indianapolis Fire Department could be consolidated into a consolidated fire department (CFD). The CFD could provide fire protection services for all of Marion County, with the exception of areas within the excluded cities that opt not to join the consolidation. All property, equipment, records, rights, and contracts of a fire protection entity that is included in the consolidation would be either transferred to or assumed by the City of Indianapolis (the City). All employees of a department joining the consolidation would become employees of the CFD. Applicable labor agreements would also transfer.

*Debt Assumption:* The City would assume, pay, or refund all debt related to fire protection services incurred before the consolidation date by an entity whose department is joining the consolidation. Under the bill, the City may not assume any amount of debt that would cause the consolidated city's total debt to exceed the current 2% debt limit, which equals 2% of 1/3 of the consolidated city's assessed valuation. The 2005 total township fire debt levy was \$8.7 M. The only fire debt levy identified for an excluded city was \$576,700 in Lawrence Township.

*Ambulance Service:* The CFD would be required to operate an ambulance service within the CFD service area. The city-county council would be required to adopt an ordinance consolidating a hospital-based ambulance service into the CFD.

*Excluded Cities:* Three of the four excluded cities of Marion County (Beech Grove, Lawrence, and Speedway) operate a fire department. Both the excluded city and the city-county council would have to adopt substantially similar ordinances in order to consolidate one of these departments into the CFD. If these departments were to be consolidated into the CFD, the same provisions applicable to other consolidating departments would apply to these departments.

*Township Fire Levy and Budget Information:* The eight suburban townships of Marion County had the following certified budgets, levies, and rates in CY 2005 with respect to fire-related funds.

<b>CY 2005 Township Fire Budgets &amp; Levies</b>									
	<b>Fire</b>			<b>Cumulative Fire</b>			<b>Fire Debt</b>		
<b>Township</b>	<b>Budget</b>	<b>Levy</b>	<b>Rate</b>	<b>Budget</b>	<b>Levy</b>	<b>Rate</b>	<b>Budget</b>	<b>Levy</b>	<b>Rate</b>
Decatur	2,215,006	1,915,268	0.1894	150,150	251,796	0.0249	2,246,126	2,128,637	0.2105
Franklin	4,158,110	2,924,170	0.1610	400,000	355,986	0.0196	777,364	1,073,407	0.0591
Lawrence	9,490,570	7,225,589	0.2051	1,215,000	782,097	0.0222	0	0	0.0000
Perry	9,367,977	6,387,918	0.1975	2,214,682	695,394	0.0215	0	0	0.0000
Pike	9,186,091	9,660,391	0.2022	1,265,050	1,304,296	0.0273	0	0	0.0000
Warren	10,997,613	6,139,748	0.2059	700,000	751,441	0.0252	740,737	718,640	0.0241
Washington	14,478,863	8,853,597	0.1671	1,752,911	1,117,959	0.0211	0	0	0.0000
Wayne	14,121,364	15,344,659	0.4776	1,400,746	864,262	0.0269	5,174,414	4,816,090	0.1499
<b>TOTAL</b>	<b>74,015,594</b>	<b>58,451,340</b>		<b>9,098,539</b>	<b>6,123,231</b>		<b>8,938,641</b>	<b>8,736,774</b>	

	<b>Fire Pension</b>			<b>TOTAL</b>		
<b>Township</b>	<b>Budget</b>	<b>Levy</b>	<b>Rate</b>	<b>Budget</b>	<b>Levy</b>	<b>Rate</b>
Decatur	0	0	0.0000	4,611,282	4,295,701	0.4248
Franklin	0	0	0.0000	5,335,474	4,353,563	0.2397
Lawrence	0	0	0.0000	10,705,570	8,007,686	0.2273
Perry	469,811	168,188	0.0052	12,052,470	7,251,500	0.2242
Pike	0	0	0.0000	10,451,141	10,964,687	0.2295
Warren	328,776	0	0.0000	12,767,126	7,609,829	0.2552
Washington	1,104,188	407,975	0.0077	17,335,962	10,379,531	0.1959
Wayne	0	0	0.0000	20,696,524	21,025,011	0.6544
<b>TOTAL</b>	<b>1,902,775</b>	<b>576,163</b>		<b>93,955,549</b>	<b>73,887,508</b>	

Note: The budgets listed in the above tables include certified plus additional appropriations where applicable.

*Background - Fire Service Information:* There are approximately 36 fire stations (including the Indianapolis International Airport station) in the eight suburban townships of Marion County. There are 8 additional stations in the three excluded cities that have fire departments.

*Advisory Board:* The bill also creates the Fire and Emergency Medical Services Advisory Board (Advisory Board) in Marion County. The Advisory Board includes the following members:

- The Mayor of Indianapolis;
- The township executive of each of the nine townships in Marion County;

- The executive of each excluded city or town that joins the consolidation;
- One member who is an emergency medical professional, appointed jointly by the township executives;
- One member who is an emergency medical professional, appointed by the Mayor of Indianapolis; and
- One member who is an emergency medical professional, appointed by the firefighters union.

The Mayor of Indianapolis would serve as the Advisory Board chairman. All members would be voting members except the three emergency services medical professionals appointed by the townships, Mayor, and union.

The Advisory Board would be permitted to:

- Advise the CFD chief on matters concerning fire and emergency medical services;
- Make recommendations to the CFD chief on matters concerning fire and emergency medical services; and
- Veto any proposed changes to the placement of stations or equipment.

**Explanation of Local Revenues:** *Property Tax Levies in General:* This bill would cause fire-related levies and obligations to be transferred from several taxing units in the county to the consolidated city taxing unit. Each of these tax levies is moving from a smaller, more localized tax base to a broader tax base. Except for certain fire pensions, the fire tax rate would be the same for all taxpayers in the consolidated fire district.

*Fire Service District Maximum Levies:* The consolidated city's maximum permissible levy would be increased by the unused portion of the current fire special service district maximum levies each year. The increase would be limited to 10% of the fire special service district maximum levy. It would appear that the fire special service maximum levy could, over a period of several years, be migrated over to the consolidated city if local authorities wish to do so.

In CY 2005, the maximum levy for the fire special service district was \$36.7 M. The CY 2005 maximum levy is lower than the 2004 amount (\$38.9 M) because not all of the 2004 levy authority was used. The 2006 maximum levy is still lower at \$35.9 M. Assuming no growth, the greatest amount that may be transferred each year from the fire district maximum levy to the consolidated city's maximum levy is estimated at \$3.6 M.

Under current law, any levy authority that is not used in a year is lost. This provision allows the consolidated city to capture all unused levy authority in the fire special districts, including both intended migration amounts and the amount, if any, that would have been lost under current law due to a local decision to levy an amount that is less than the maximum.

The bill also permits, but does not require, the special fire district rather than the consolidated city to impose the required levy to meet pension obligations for the 1937 fire pension fund.

*Township and Other Fire Department Maximum Levies:* The bill would increase the consolidated city's maximum levy by the amount of the fire fund maximum levy of each entity that joins the consolidated fire department. The bill requires the maximum levy of the joining entities to be reduced by the same amount.

*Cumulative Fire Building Fund Levies:* The bill would establish a cumulative fire building fund in the consolidated city. Cash balances remaining in the joining entities' fire cumulative funds on the consolidation date would be transferred to the consolidated city's cumulative fire fund.

*County Option Income Tax* : The bill would redirect a portion of eight townships' shares of revenue from the County Option Income Tax (COIT) to Indianapolis and Marion County. Except for Center Township, 66% of the COIT shares that would otherwise be distributed to the townships would be distributed to Indianapolis and Marion County. The 2005 COIT revenue to be distributed to the eight townships totals \$7.2 M. The redirection of 66% would equal approximately \$4.7 M.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Cities of Indianapolis, Beech Grove, and Lawrence; Town of Speedway; All Marion County Townships; Indianapolis Airport Authority.

**Information Sources:** Department of Local Government Finance: LOGODABA.

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