

Members

Rep. Phil Hinkle, Chairperson  
Sen. Marvin Riegsecker, Vice-Chairperson  
Rep. Thomas Saunders  
Rep. Robert Kuzman  
Rep. Win Moses  
Sen. David Long  
Sen. Timothy Lanane  
Sen. Frank Mrvan  
Phil R. Stiver  
Sam Talarico, Jr  
Jean P. Lushin  
Paul Ricketts  
Ann Devore  
Chris Ruhl  
Darren Vogt  
Ron Spencer  
Judy Sharp  
Mayor James Garner



# LOCAL GOVERNMENT EFFICIENCY AND FINANCING STUDY COMMISSION

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Commission

Authority: P.L. 64-2004

## MEETING MINUTES<sup>1</sup>

**Meeting Date:** October 25, 2005  
**Meeting Time:** 10:00 A.M.  
**Meeting Place:** State House, 200 W. Washington  
St., the chambers of the House of  
Representatives  
**Meeting City:** Indianapolis, Indiana  
**Meeting Number:** 4

**Members Present:** Rep. Phil Hinkle, Chairperson; Sen. Marvin Riegsecker, Vice-Chairperson; Rep. Thomas Saunders; Rep. Win Moses; Sen. David Long; Sam Talarico, Jr; Jean P. Lushin; Paul Ricketts; Ann Devore; Darren Vogt; Ron Spencer; Judy Sharp; Mayor James Garner.

**Members Absent:** Rep. Robert Kuzman; Sen. Timothy Lanane; Sen. Frank Mrvan; Phil R. Stiver; Chris Ruhl.

Rep. Phil Hinkle called the meeting to order.

The Commission's first order of business was to discuss reducing the reliance of local

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

governments on property taxes. Fiscal analyst Chuck Mayfield presented two scenarios predicated on the state reallocating approximately \$600,000,000 that the state currently spends on property tax replacement credits for property taxes derived from levies other than the school general funds. Mr. Mayfield's first spreadsheet (Exhibit 1) estimated the effect of using the money to pay welfare and court costs currently paid by county governments. The second spreadsheet (Exhibit 2) addressed using the money to increase the percentage of school general fund property taxes covered by the property tax replacement credit.

Mr. David Bottorff, Association of Indiana Counties (AIC), informed the Commission that the AIC has been talking about the possibility of changes to the state's funding of the property tax replacement credit. The AIC hopes that other funding options will be made available to county governments if any changes to the system include additional levy limits. The AIC supports the General Assembly's continued analysis of its property tax replacement credit obligations and hopes that any changes will be revenue neutral.

Mr. Matt Greller, Indiana Association of Cities and Towns (IACT), testified that IACT is still working on a legislative package designed to reduce the utilization of property taxes while authorizing municipal governments to impose other taxes. Mr. Greller did not comment on either scenario presented by Mr. Mayfield.

The Commission discussed freezing property tax levies, alternative revenue sources, and adding a local budget review procedure.

Rep. Hinkle asked Mr. Steve Johnson, Indiana Fiscal Policy Institute, to comment on the discussion. In response, Mr. Johnson urged the General Assembly to look at the underlying structures of local government and find ways to make the structures more transparent and more accountable. Mr. Johnson said that local government is opaque to the taxpayer and published information is not helpful to understanding local government finances.

Rep. Hinkle also asked Rep. Jeff Espich, Chairman of the Committee on Ways and Means, for his thoughts. Rep. Espich replied that one of his goals for the 2006 session of the General Assembly is to reduce the problem of unfunded mandates. He encouraged the local officials and local government organizations in attendance to provide a list of the mandates that significantly impact local government finances.

The property tax discussion continued with Ms. Katrina Hall, Indiana Farm Bureau (IFB), expressing the IFB's concerns about eliminating the property tax replacement credit. Ms. Hall urged the Commission to proceed cautiously when considering changes to the property tax replacement credit.

Ms. Sue Swayze, Greater Indianapolis Chamber of Commerce, stressed the importance of being able to see what citizens are getting for the budgets of their local governments. Ms. Swayze also urged communities to engage in more collaborative efforts.

Rep. Hinkle recessed the meeting at 12:00 p.m.

Rep. Hinkle called the meeting back to order at 1:15 p.m.

The Commission adopted the following recommendations concerning local government financing by an unanimous voice vote:

- (1) The Commission urges the General Assembly to continue to investigate

and analyze the elimination or reduction of the state's obligation to provide property tax relief credits. Any legislation enacted by the General Assembly that reduces the state's property tax replacement credit obligation should also reallocate the money currently spent on property tax relief credits in a manner that achieves revenue neutrality for at least two-thirds (2/3) of the Indiana counties.

(2) The Commission urges the General Assembly to authorize local units of government to initiate their own property tax replacement programs and exercise more control over their local finances. The General Assembly should enact legislation that enables local units to choose from a variety of funding options that must be used to reduce the units' reliance on the property tax. The Commission recommends that the enabling legislation foster local control. The Commission recommends that the enabling legislation include the establishment in each county of a locally based budget review board having authority to review the budgets of each unit in the county.

The Commission's second order of business was to consider consolidation efforts in Allen County and Vanderburgh County. Steve Schaefer, Vice President, Metropolitan Evansville Chamber of Commerce, reported that the Evansville City Council had just voted 9-0 in favor of a resolution expressing the council's support for a referendum to reorganize the government structure in Vanderburgh County. Mr. Schaefer sought the Commission's endorsement of the unification committee's proposal.

In an unanimous voice vote, the Commission made the following recommendation:

The Commission commends the public officials in the City of Evansville and Vanderburgh County, the Evansville-Vanderburgh County Unification Study Committee, and others who are leading the consolidation effort for their hard work. The Commission urges the General Assembly to separately consider any consolidation legislation affecting governments in Allen County or Vanderburgh County so that each proposal may succeed or fail on its own merits.

Commission then discussed changing the format of the property tax bill. Ms. Angie Bixler, AIC, described Vanderburgh County's experience in a pilot program designed to evaluate the benefit of adding information to the property tax bill. The additional information required on the bill in the pilot program will be required in all counties beginning in 2008. The Commission made no recommendations on this subject.

The Commission then turned its attention to whether the assessment duties of township trustees who also serve as the township assessor should be transferred to the county assessor. Commission member Ron Spencer is the township trustee in Crawford County's Whiskey Run Township. Mr. Spencer defended the work of his fellow trustee-assessors. Mr. Spencer testified that county assessors will have to hire additional personnel to keep the assessment data in the townships current if the trustee-assessors are replaced.

Mr. Steve Buschmann, Indiana Township Association, noted that "everyone wants a more professional assessment force and fewer assessors". Mr. Buschmann then told the Commission that no legislative action is necessary at this point to achieve those policy goals because of the passage of Senate Enrolled Act 308-2005. Mr. Buschmann testified that the act will cause the trustee-assessors who wish to retain their assessment duties to attain the appropriate certifications as assessor-appraisers. Mr. Buschmann explained that

a trustee-assessor's assessment duties will be relinquished to the county assessor in those townships where the trustee declines to attain the proper certifications according to the schedule required by IC 6-1.1-35-1.1.

Ms. Linda Williams, Adams Township Trustee, Hamilton County, reported that many of her fellow trustee-assessors are already working on the certifications. She urged the Commission to give Senate Enrolled Act 308-2005 a chance to work before taking any further action.

The Commission heeded Ms. Williams' advice and voted unanimously to recommend that the General Assembly refrain from transferring assessment duties from the trustee-assessors until it has a chance to evaluate the effectiveness of SEA-308-2005.

In an unanimous voice vote, the Commission also recommended that the General Assembly consider legislation to provide incentives for local entities to enter into inter-local agreements to provide services that would create efficiencies and result in possible savings.

With respect to the number of 911 public safety answering points in Indiana, the Commission recommended in an unanimous voice vote that:

- (1) the number of centers be limited to one per county as of July 1, 2009;
- (2) local levy limits should not be adversely affected as a result of any savings realized from call center consolidations;
- (3) the State should assist in funding needed changes; and
- (4) adjacent counties should be authorized to consolidate 911 call centers as a means to create additional efficiencies on a regional basis.

In an unanimous voice vote, the Commission adopted its final report before Rep. Hinkle adjourned the meeting at 2:30.