

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
Room 1058, IGCN – 100 North Senate
Indianapolis, IN 46204

IN THE MATTER OF THE REQUEST)
OF TOWN OF ZIONSVILLE, BOONE)
COUNTY, FOR AN EXCESS LEVY) A23-067
DUE TO AN EXTENSION OF)
SERVICES)

The Department of Local Government Finance (“Department”) has reviewed the town of Zionsville’s (“Town”) appeal for an excess levy in the amount of \$769,142 due to an extension of services, effective January 1, 2024.

Upon review of the petition, the Department, following IC 6-1.1-18.5-12 and 13, and in consideration of all evidence provided, finds as follows:

APPROVAL WITH MODIFICATION:

The Town’s excess levy appeal due to extension of services is approved in the amount of **\$728,143** for pay-2024 and **\$313,143** for pay-2025, plus the maximum levy growth quotient.

In a prior appeal to the Department in 2018, the Town represented to the Department that as a part of its reorganization with Eagle Township and Union Township (collectively “the Townships”), effective January 1, 2010, the Town and Boone County (“County”) by interlocal agreement created two “service districts.” The Town would serve what was classified as the “urban service district” and the County would serve what was classified the “rural service district.” The Town Council per the reorganization plan and ordinance had authority to reclassify the territory within these service districts.

The Town represents here that on September 18, 2023, the Town Council adopted an ordinance to reclassify approximately 722 acres within the rural service district as being within the urban service district (“reclassified territory”). Consequently, the reclassified territory will be serviced by the Town, effective January 1, 2024. The services the Town purports to be extending under the fiscal plan include police, street maintenance, stormwater drainage, sewer service, fire, and administrative services (including billing for trash and recycling services).

In support of its appeal, the Town provided a fiscal plan regarding this reclassification. The fiscal plan stated that a one-time capital expense to procure one (1) pickup truck/snow plow, one (1) additional leaf-collection vehicle, and supporting equipment, totaling \$415,000. The Town also represents additional ongoing operating expenses as a result of this extension, including one (1) additional employee (\$89,100), supplies (\$55,830), and other services and charges (\$209,212). The Town also provided a fiscal impact analysis developed by their financial advisor, Crowe LLP. Although the Town did not expressly state this in their appeal, it is apparent from this

analysis that the excess levy attributed to the extension of services will be used out of the Motor Vehicle Highway (“MVH”) Fund. The analysis indicates that the estimated pay-2024 levy for the MVH Fund will be \$4,276,854, and the estimated pay-2025 levy for the same fund will be \$3,861,854, a reduction of \$415,000 after excluding the expenses for the vehicles and equipment which were one-time purchases. Likewise, the estimated overall Town levies for pay-2024 and pay-2025 showed a similar reduction of \$415,000.

The Department finds that the Town has shown that it will be extending governmental services to an additional geographic area; that is, the reclassified territory that is currently being served by the County. Hence, the Department concludes that the Town is eligible for an excess levy under IC 6-1.1-18.5-13(a)(1). The Town has also indicated on its Form 3 that it seeks an excess levy of \$1,656,018. This is the sum of \$769,142, the amount the Town is requesting in this appeal, plus \$886,876, the amount the Town is requesting in an appeal based on a 3-year growth factor, which the Department will consider in a separate order.

The Department takes into account the fact that an increased maximum levy will generate additional excise tax revenue. In 2024, the Town will receive \$763,261 in excise tax revenue (for funds subject to the Town’s maximum levy), which represents approximately 5.3305% of the Town’s 2024 maximum levy of \$12,333,301. Thus, an excess levy of \$728,143, combined with the resulting additional excise tax revenue of \$40,999 ($\$769,142 * 0.053305 = \$40,999$; $\$769,142 - \$40,999 = \$728,143$), will provide the Town with the additional levy it is seeking for 2024.

Normally, the Department takes into account the fact that an increased maximum levy will generate additional local income tax (“LIT”) revenue. The Town anticipates in its appeal that its excess levy will be reduced by \$415,000 in pay-2025 to account for the one-time purchase in 2024. Because the Town’s share of LIT revenue in pay-2025 will be determined by its pay-2024 levy, the Department believes further reducing the excess levy for pay-2025 based on additional LIT shares will excessively short the Town by the amount needed for its ongoing expenses.

Were such a reduction to occur, the calculations would be as follows: Increasing the Town’s maximum levy by \$728,143 for 2024 will increase the Town’s 2025 LIT attributed allocation to \$24,119,357 (\$23,391,214 plus \$728,143) and the countywide LIT attributed allocation to \$38,886,795 (\$98,158,652 plus \$728,143). The Town’s \$24,119,357 attributed allocation will constitute approximately 24.3909% of the 2025 countywide attributed allocation of \$98,886,795. Since a unit’s certified shares of LIT are affected by changes in the unit’s property tax levy, a 3.1129% increase to the Town’s 2025 attributed allocation means the Town is estimated to receive approximately \$252,006 in LIT certified shares (\$10,707,094 in 2024 versus \$10,959,100 in 2025). Discounting the \$415,000 for vehicle purchases, this would reduce the Town’s excess levy to approximately \$61,137 ($\$728,143 - \$415,000 - \$252,006 = \$61,137$).

Therefore, the Department will not apply such a significant reduction, here. However, for pay-2025 the excess levy will be reduced by \$415,000, the amount of the one-time vehicle purchases in 2024, resulting in an excess levy of \$313,142 for pay-2025.

This is a one-time, permanent increase. This does not include an increase by the maximum levy growth quotient.

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WITNESS MY HAND AND SEAL of this Department on this 9 day of
November _____, 2023.

A handwritten signature in black ink, appearing to read 'D. Shackle', written over a horizontal line.

Daniel Shackle, Commissioner