



Dave Askins <dave@bsquarebulletin.com>

impact of additional debt rate on LIT share?

3 messages

Dave Askins <dave@bsquarebulletin.com>
To: Jessica McClellan <jessica.mcclellan@bloomington.in.gov>

Mon, Aug 26, 2024 at 7:10 PM

Hi Jessica!

Here's what I think the relevant section of state code is: <https://iga.in.gov/laws/2023/ic/titles/6#6-3.6-6-12>

Could you confirm that any GO bond property tax rate would not actually count towards the share of LIT certified shares?
Thanks!

IC 6-3.6-6-12 Allocation amount of certified shares; civil taxing units

Sec. 12. (a) Except as provided in this chapter and [IC 6-3.6-11](#), this section applies to an allocation of certified shares in all counties.

(b) The allocation amount of a civil taxing unit during a calendar year must be based on the amounts for the calendar year preceding the distribution year and is equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the total property taxes being imposed by the civil taxing unit.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (c).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (d).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's certified shares plus the amount distributed under section 3(a)(2) of this chapter for the previous calendar year.

The allocation amount is subject to adjustment as provided in [IC 36-8-19-7.5](#).

--Dave

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Jessica McClellan <jessica.mcclellan@bloomington.in.gov>
To: Dave Askins <dave@bsquarebulletin.com>

Tue, Aug 27, 2024 at 11:25 AM

Hi Dave,
You are correct. The notes from our financial advisor are below. I will need to correct myself to council.

Most debt across the State is not included in the LIT distribution allocation formula, including any new debt.

There are some few and far between remnants of old bonds that were refunded or have very long terms, which still count in the calculation, but most of these will be falling off soon.

The formula was changed to disregard debt because units were (overly) capitalizing on the opportunity (legislative loophole).

There's only 4 ways left, essentially, to increase your share of LIT, to varying degrees of difficulty:

1 – Annexation - Involuntary = exceptionally difficult, voluntary = easy, but rarely nets a noticeable benefit to taxing unit

2 – Extension of Services – worth visiting in near future, could be substantial

3 – 3-year Growth Appeal – City is close, if trend continues could be possible in 2027 (2026 will still have the large growth year in the State Average)

4 – Fire Territory – providing unit essentially gets to reestablish its property tax levy for Fire and gets to establish a cumulative fire fund (both combined are typically higher than before the territory – nearly without exception) – providing unit receives subsequent increase in LIT

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Dave Askins <dave@bsquarebulletin.com>
To: Jessica McClellan <jessica.mcclellan@bloomington.in.gov>

Tue, Aug 27, 2024 at 12:11 PM

Thank you for circling back, Jessica!

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