



City of Butler

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Attachment 1

Mike Hartman, Mayor

Angela M. Eck, Clerk-Treasurer

Donald Stuckey, Attorney

February 3, 2025

RE: Re-establishment of Cumulative Capital Development Fund and Fire Protection Territory Equipment Replacement Fund

To: Mayor Hartman and Council Members

Previous to 2023, cumulative fund tax rates were adjusted to reflect increases in assessed value in each unit due to reassessments or annual adjustments. In 2023, that rule changed and most cumulative funds are no longer subject to this adjustment as long as they were established or re-established in 2023 or after. Our cumulative capital development fund has NOT been re-established since 2011.

Baker Tilly is recommending that the City of Butler re-established its Cumulative Capital Fund (4402) to get the tax rate back up to 5 cents per \$100 of assessed value. Using the assessed value for 2025, that would result in an additional \$23,726 in property tax collections for the Cumulative Capital Development Fund.

Baker Tilly is also recommending that the City of Butler and Wilmington Township re-established the Fire Protection Territory Equipment Replacement Fund (4444). There is a difference for re-establishing this fund because it is part of the Fire Territory. Both the Common Council and the Wilmington Township Board need to pass identical ordinances/resolutions in order to increase this rate. I have been in contact with them and they will be discussing this as well. Using the assessed value for 2025, increasing the property tax rate to 3 cents per \$100 in assessed value results in an additional \$49,691 for the Fire Territory Equipment Replacement Fund.

The re-establishment of both funds would affect the average homeowner as follows: for a net assessed valuation of \$100,000 the homeowner is currently paying \$58.80 on these two taxes. If the rates are re-established at the higher rate, that same homeowner would be paying \$83.30 for these two taxes. That is an increase of \$24.50.

The deadline for the re-establishment of funds is May 31st. There are several steps to meet this deadline, which are date and time dependent upon each other.

First Reading of Proposed Ordinance to Re-Establish	March 3
Second Reading of Proposed Ordinance to Re-Establish	March 17
First Publishing of Public Hearing Notice	March 19
Second Publishing of Public Hearing Notice	March 26
Public Hearing and Third Reading	April 7
Publish Notice of Passage and start 30-day Remonstrance Period	April 16
End of 30-Day Remonstrance Period	May 16

Once these two funds are re-established, they should not need to be re-established again.

Sincerely,

A handwritten signature in black ink that reads "Angela M. Eck". The signature is written in a cursive, flowing style.

Angela M. Eck, IAMC, CMO, CPM
Clerk-Treasurer

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
2025 Budget Order

County: 17 DeKalb
Unit: 0460 BUTLER CIVIL CITY

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
0061	RAINY DAY	\$0	\$151,125,441	\$0	\$0.0000

0101	GENERAL	\$2,491,351	\$151,125,441	\$922,470	\$0.6104
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Budget approved for displayed amount.

Rate Approved.

0342	POLICE PENSION	\$20,905	\$151,125,441	\$0	\$0.0000
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Budget approved for displayed amount.

0706	LOCAL ROAD & STREET	\$20,000	\$151,125,441	\$0	\$0.0000
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Budget approved for displayed amount.

0708	MOTOR VEHICLE HIGHWAY	\$811,200	\$151,125,441	\$311,167	\$0.2059
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Budget approved for displayed amount.

Rate Approved.

1301	PARK & RECREATION	\$201,800	\$151,125,441	\$166,540	\$0.1102
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Budget approved for displayed amount.

Rate Approved.

2379	CUMULATIVE CAPITAL IMP (CIG TAX)	\$0	\$151,125,441	\$0	\$0.0000
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2391	CUMULATIVE CAPITAL DEVELOPMENT	\$40,000	\$151,125,441	\$51,836	\$0.0343
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Budget approved for displayed amount.

Rate Approved.

2430	REDEVELOPMENT - GENERAL	\$56,557	\$151,125,441	\$40,653	\$0.0269
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Budget approved for displayed amount.

Rate Approved.

Change rate to .05 = 75,562
increase of 23,726

\$604	SPECIAL FIRE PROTECTION	\$459,680	\$584,607,159	\$295,227	\$0.0505
	TERRITORY GENERAL				

To fund the 2025 budget, this unit is authorized to transfer \$3,466.00 from the Levy Excess Fund.

Budget approved for displayed amount.

Rate reduced due to application of levy excess fund.

8692	SPECIAL FIRE PROTECTION	\$206,400	\$584,607,159	\$143,229	\$0.0245
	TERRITORY EQUIPMENT REPLACE				

Budget approved for displayed amount.

Cumulative fund rate cannot be increased over previous years rate until the fund is re-established.

Unit Total:	\$4,307,893	\$1,931,122	\$1.0627
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IC 6-1.1-18.5-17 and IC 20-44-3 require that each year the Department of Local Government Finance certify to each unit of local government figures that show one hundred percent (100%) of the tax levy for each fund. If the property taxes received exceed one hundred percent (100%) of the levy, the excess shall be receipted to the "Levy Excess Fund" unless the amount in any calendar year is less than \$100.00 for a civil taxing unit or \$10,000.00 for a school corporation.

Change rate to .0333 = 192,920
increase of 49,691

Fire Equipment Replacement Fund

IC 36-8-19-8.5 Equipment replacement fund; property tax levy; maximum property tax rate

Sec. 8.5. (a) Participating units may agree to establish an equipment replacement fund under this section to be used to purchase fire protection equipment, including housing, that will be used to serve the entire territory. To establish the fund, the legislative bodies of each participating unit must adopt an ordinance (in the case of a county or municipality) or a resolution (in the case of a township or fire protection district), and the following requirements must be met:

- (1) The ordinance or resolution is identical to the ordinances and resolutions adopted by the other participating units under this section.
- (2) Before adopting the ordinance or resolution, each participating unit must comply with the notice and hearing requirements of IC 6-1.1-41-3.
- (3) The ordinance or resolution authorizes the provider unit to establish the fund.
- (4) The ordinance or resolution includes at least the following:
 - (A) The name of each participating unit and the provider unit.
 - (B) An agreement to impose a uniform tax rate upon all of the taxable property within the territory for the equipment replacement fund.
 - (C) The contents of the agreement to establish the fund.

An ordinance or a resolution adopted under this section takes effect as provided in IC 6-1.1-41.

(b) If a fund is established, the participating units may agree to:

- (1) impose a property tax to provide for the accumulation of money in the fund to purchase fire protection equipment;
- (2) incur debt to purchase fire protection equipment and impose a property tax to retire the loan; or
- (3) transfer an amount from the fire protection territory fund to the fire equipment replacement fund not to exceed five percent (5%) of the levy for the fire protection territory fund for that year;

or any combination of these options.

(c) The property tax rate for the levy imposed under this section may not exceed three and thirty-three hundredths cents (\$0.0333) per one hundred dollars (\$100) of assessed value. Before debt may be incurred, the fiscal body of a participating unit must adopt an ordinance (in the case of a county or municipality) or a resolution (in the case of a township or fire protection district) that specifies the amount and purpose of the debt. The ordinance or resolution must be identical to the other ordinances and resolutions adopted by the participating units. Except as provided in subsection (d), if debt is to be incurred for the purposes of a fund, the provider unit shall negotiate for and hold the debt on behalf of the territory. However, the participating units and the provider unit of the territory are jointly liable for any debt incurred by the provider unit for the purposes of the fund. The most recent adjusted value of taxable property for the entire territory must be used to determine the debt limit under IC 36-1-15-6. A provider unit shall comply with all general statutes and rules relating to the incurrence of debt under this subsection.

(d) A participating unit of a territory may, to the extent allowed by law, incur debt in the participating unit's own name to acquire fire protection equipment or other property that is to be owned by the participating unit. A participating unit that acquires fire protection equipment or other property under this subsection may afterward enter into an interlocal agreement under IC 36-1-7 with the provider unit to furnish the fire protection equipment or other property to the

provider unit for the provider unit's use or benefit in accomplishing the purposes of the territory. A participating unit shall comply with all general statutes and rules relating to the incurrence of debt under this subsection.

(e) Money in the fund may be used by the provider unit only for those purposes set forth in the agreement among the participating units that permits the establishment of the fund.

(f) The requirements and procedures specified in IC 6-1.1-41 concerning the establishment or reestablishment of a cumulative fund, the imposing of a property tax for a cumulative fund, and the increasing of a property tax rate for a cumulative fund apply to:

- (1) the establishment or reestablishment of a fund under this section;
- (2) the imposing of a property tax for a fund under this section; and
- (3) the increasing of a property tax rate for a fund under this section.

(g) Notwithstanding IC 6-1.1-18-12, if a fund established under this section is reestablished in the manner provided in IC 6-1.1-41, the property tax rate imposed for the fund in the first year after the fund is reestablished may not exceed three and thirty-three hundredths cents (\$0.0333) per one hundred dollars (\$100) of assessed value.

As added by P.L. 326-1995, SEC. 3. Amended by P.L. 36-2000, SEC. 10; P.L. 90-2002, SEC. 500; P.L. 256-2003, SEC. 39; P.L. 47-2007, SEC. 4; P.L. 255-2013, SEC. 16; P.L. 203-2016, SEC. 25; P.L. 255-2017, SEC. 47.

IC 36-8-19-8.6 Transfer of money from participating unit to fire protection territory fund or fire protection territory equipment replacement fund

Sec. 8.6. (a) A participating unit may adopt an ordinance or a resolution to transfer any money belonging to the participating unit to:

- (1) the fire protection territory fund established under section 8 of this chapter;
 - (2) the fire protection territory equipment replacement fund established under section 8.5 of this chapter; or
 - (3) both funds described in subdivisions (1) and (2).
- (b) An ordinance or a resolution adopted under this section must state both of the following:
- (1) The amount of money transferred to either fund.
 - (2) The source of the money.

(c) The transfer of money from a participating unit to a fire protection territory before July 1, 2008, is legalized.

As added by P.L. 128-2008, SEC. 8.

IC 36-8-19-8.7 Purchase of firefighting equipment on installment conditional sale or mortgage contract

Sec. 8.7. After a sufficient appropriation for the purchase of firefighting apparatus and equipment, including housing, is made and is available, the participating units, with the approval of the fiscal body of each participating unit, may purchase the firefighting apparatus and equipment for the territory on an installment conditional sale or mortgage contract running for a period not exceeding:

- (1) six (6) years; or
- (2) fifteen (15) years for a territory that:
 - (A) has a total assessed value of sixty million dollars (\$60,000,000) or less, as determined by the department of local government finance; and

(B) is purchasing the firefighting equipment with funding from the:

- (i) state or its instrumentalities; or
- (ii) federal government or its instrumentalities.

The purchase shall be amortized in equal or approximately equal installments payable on January 1 and July 1 each year.

As added by P.L.83-1998, SEC.4. Amended by P.L.90-2002, SEC.501; P.L.178-2002, SEC.135.

Cumulative Capital Development Fund

IC 36-9-15.5Chapter 15.5. Municipal Cumulative Capital Development Fund

36-9-15.5-1Application of chapter

36-9-15.5-2Authorization of fund; purpose

36-9-15.5-3Repealed

36-9-15.5-4Repealed

36-9-15.5-5Repealed

36-9-15.5-6Tax levy; rate of tax

36-9-15.5-7Repealed

36-9-15.5-8Cumulative capital development fund; transfer between funds; expenditures

IC 36-9-15.5-1Application of chapter

Sec. 1. This chapter applies to all municipalities.

As added by P.L.44-1984, SEC.17.

IC 36-9-15.5-2Authorization of fund; purpose

Sec. 2. The legislative body of a municipality may establish a cumulative capital development fund under IC 6-1.1-41 to provide money for any purpose for which property taxes may be imposed within the municipality under the authority of:

IC 8-16-3;

IC 8-22-3-25;

IC 14-27-6-48;

IC 14-33-14;

IC 16-23-1-40;

IC 36-8-14;

IC 36-9-4-48;

IC 36-9-16-2;

IC 36-9-16-3;

IC 36-9-16.5;

IC 36-9-17;

IC 36-9-26;

IC 36-9-27-100;

IC 36-10-3-21; or

IC 36-10-4-36.

As added by P.L.44-1984, SEC.17. Amended by P.L.2-1993, SEC.208; P.L.1-1995, SEC.87; P.L.17-1995, SEC.32.

IC 36-9-15.5-3Repealed

As added by P.L.44-1984, SEC.17. Repealed by P.L.17-1995, SEC.45.

IC 36-9-15.5-4Repealed

As added by P.L.44-1984, SEC.17. Repealed by P.L.17-1995, SEC.45.

IC 36-9-15.5-5Repealed

As added by P.L.44-1984, SEC.17. Repealed by P.L.17-1995, SEC.45.

IC 36-9-15.5-6Tax levy; rate of tax

Sec. 6. (a) The municipal fiscal body may provide money for the cumulative capital development fund by levying a tax in compliance with IC 6-1.1-41 on the taxable property in the municipality. For purposes of this section, a county in which only the county economic development income tax (IC 6-3.5-7, repealed) was in effect on January 1, 2016, is considered a county in which the local income tax is not in effect unless the county increases, after 2015, the allocation of its local income tax revenue to property tax relief, public safety, or certified shares by an amount that is at least equal to the revenue raised from an income tax rate of twenty-five hundredths percent (0.25%).

(b) The maximum property tax rate that may be imposed for property taxes first due and payable during a particular year in a municipality that is either wholly or partially located in a county in which the local income tax is in effect on January 1 of that year depends upon the number of years the municipality has previously imposed a tax under this chapter and is determined under the following table:

NUMBER OF YEARS	TAX RATE PER \$100 OF ASSESSED VALUATION
0	\$0.0167
1	\$0.0333
2 or more	\$0.05

(c) The maximum property tax rate that may be imposed for property taxes first due and payable during a particular year in a municipality that is wholly located in a county in which the local income tax is not in effect on January 1 of that year depends upon the number of years the municipality has previously imposed a tax under this chapter and is determined under the following table:

NUMBER OF YEARS	TAX RATE PER \$100 OF ASSESSED VALUATION
0	\$0.0133
1	\$0.0267
2 or more	\$0.04

As added by P.L. 44-1984, SEC. 17. Amended by P.L. 17-1995, SEC. 33; P.L. 146-2008, SEC. 792; P.L. 197-2016, SEC. 150.

IC 36-9-15.5-7 Repealed

As added by P.L. 44-1984, SEC. 17. Repealed by P.L. 17-1995, SEC. 45.

IC 36-9-15.5-8 Cumulative capital development fund; transfer between funds; expenditures

Sec. 8. (a) The tax money collected under this chapter shall be held in a special fund to be known as the cumulative capital development fund.

(b) In a consolidated city, money may be transferred from the fund to the fund of a department of the consolidated city responsible for carrying out a purpose for which the cumulative capital development fund was created. The department may not expend any money so transferred until an appropriation is made and the department may not expend any money so transferred for operating costs of the department.

(c) Money held in the cumulative capital development fund may be spent for purposes other than the purposes stated in section 2 of this chapter, if the purpose is to protect the public health, welfare, or safety in an emergency situation that demands immediate action or to make a contribution to an authority established under IC 36-7-23. Money may be spent under the authority of this subsection only after the executive of the municipality:

(1) issues a declaration that the public health, welfare, or safety is in immediate danger that requires the expenditure of money in the fund; or

(2) certifies in the minutes of the municipal legislative body that the contribution is made to the authority for capital development purposes.

As added by P.L. 44-1984, SEC. 17. Amended by P.L. 82-1985, SEC. 6; P.L. 346-1989(ss), SEC. 9; P.L. 17-1995, SEC. 34.