

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

**IN THE MATTER OF THE REQUEST)
OF CITY OF CROWN POINT, LAKE) A23-046
COUNTY, FOR AN EXCESS LEVY)
DUE TO ANNEXATION)**

The Department of Local Government Finance (“Department”) has reviewed the City of Crown Point’s (“City”) appeal for an excess levy in the amount of \$500,000 due to an annexation.

Upon review of the petition, the Department, following Ind. Code § 6-1.1-18.5-12, and in consideration of all evidence provided, finds as follows:

APPROVED WITH MODIFICATION:

The City’s request indicates that it had performed seven (7) annexations first effective for Pay-2024, including:

- Ordinance 2021-12-29 (The Willows)
- Ordinance 2021-12-30 (Smith Farms Phase 1)
- Ordinance 2021-12-31 (Smith Farms Phase 2)
- Ordinance 2022-09-09 (Capstone Phase 1)
- Ordinance 2022-09-10 (Capstone Phase 2)
- Ordinance 2022-09-11 (Capstone Phase 3)
- Ordinance 2022-09-12 (IN-Pact)

These annexations were in areas of Center Township that were contiguous to the City’s municipal boundaries. The City states in its appeal that it intends to develop the annexed parcels into residential areas, including:

- The Willows – 63 single-family units and 154 single-family townhomes
- Smith Farms – 60 single-family detached dwelling units
- Capstone – 606 single-family detached dwelling units (built over 10 years)
- IN-Pact – 7 estate-style single-family detached dwelling units

The fiscal plan for the annexation area includes the following breakdown for building time and assumed market value:

Smith Farms

	2024	2025	2026	2027	2028
Units to Be Built	12	12	12	12	12
<i>Assumed Market Value</i>	<i>\$1,000,000</i>	<i>\$1,030,000</i>	<i>\$1,060,900</i>	<i>\$1,092,727</i>	<i>\$1,125,509</i>

The Willows

	2024	2025	2026	2027	2028
Single-Family Units	13	13	13	12	12
<i>Assumed Market Value</i>	\$400,000	\$412,000	\$424,360	\$437,091	\$450,204
Townhome Units	30	31	31	31	31
<i>Assumed Market Value</i>	\$245,000	\$252,350	\$259,921	\$267,718	\$275,750

Capstone

	2024	2025	2026	2027	2028	2029-2032
Single-Family – Type 1	22	22	22	22	23	73
<i>Assumed Market Value</i>	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000
Single-Family – Type 2	19	18	31	30	16	108
<i>Assumed Market Value</i>	\$490,000	\$490,000	\$490,000	\$490,000	\$490,000	\$490,000
Single-Family – Cottage	26	26	0	0	17	131
<i>Assumed Market Value</i>	\$390,000	\$390,000	\$390,000	\$390,000	\$390,000	\$390,000

IN-Pact

	2024	2025	2026	2027	2028
Single-Family Units	3	4	0	0	0
<i>Assumed Market Value</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

The Capstone annexed parcels are being placed into a planned unit development district, and the remaining annexed parcels will be zoned as R1A – Residential or R1 - Residential. The City seeks an excess levy appeal, specifically, to make up for costs associated with extended police, fire, street maintenance, and park services.

The City provided the Department with copies of the annexation ordinances, as well as resolutions incorporated by reference and including fiscal plans and impact analyses for each annexation. The combined CNAV of the annexed parcels, as reported by the Lake County Auditor’s Pay-2024 Annexation Report¹, is as follows:

Area Name	Ordinance	Net Assessed Value
The Willows	Ordinance 2021-12-29	\$221,200
Smith Farms – Phase 1	Ordinance 2021-12-30	\$294,900
Smith Farms – Phase 2	Ordinance 2021-12-31	
Capstone – Phase 1	Ordinance 2022-09-09	\$785,100
Capstone – Phase 2	Ordinance 2022-09-10	
Capstone – Phase 3	Ordinance 2022-09-11	\$182,300
IN-Pact	Ordinance 2022-09-12	\$312,700
Total:		\$1,796,200

¹ Ordinance 2022-09-11 and Ordinance 2022-09-12 were not included on the Lake County Pay-2024 Annexation Report. The included net assessed value information for those ordinances was compiled from the county’s property tax and billing system.

In support of its appeal, the City provided the following non-capital costs for the seven annexations, as documented in their respecting annexation fiscal plans, for the first five (5) years following the effective date. Each of the annexations will be in reference to their respective ordinances:

Non-Capital Costs

<u>Ordinance #</u>	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	<u>5th Year</u>	<u>Total</u>
2021-12-29	\$51,902	\$104,031	\$181,434	\$267,034	\$288,185	\$892,586
2021-12-30	\$48,949	\$97,898	\$153,991	\$198,742	\$210,862	\$710,442
2021-12-31						
2022-09-09						
2022-09-10	\$128,531	\$256,834	\$382,181	\$478,977	\$576,682	\$1,823,205
2022-09-11						
2022-09-12	\$15,643	\$31,514	\$33,089	\$34,744	\$36,481	\$151,471
Subtotal	\$245,025	\$490,277	\$750,695	\$979,497	\$1,112,210	\$3,577,704

Hence, the City purports to have an increase of \$3,577,704 in non-capital costs. The City claims to have no estimates of capital costs as a result of the annexations.

An annexing unit can only receive an appeal under Ind. Code § 6-1.1-18.5-13(a)(1) based on the costs from up to the first five years after the unit begins services in the annexed area. Therefore, the Department shall determine the average of the amounts for the first five years of services rendered (2024 through 2028). As shown above, the sum of these amounts is \$3,577,704. The average of this amount over the span of five years is approximately \$715,540.80 ($\$3,577,704 / 5 = \$715,540.80$).

Therefore, the initially approved excess levy is \$500,000, which does not exceed what the City requested in its appeal. This amount is further reduced as follows.

First, this amount is reduced by the levy adjustment under Step Three of Ind. Code § 6-1.1-18.5-3(a) that the City will automatically receive as a result of the annexation. Based on the assessed values provided to the Department for the annexed areas, the Department estimates the adjustment will total \$10,917. Therefore, the excess levy is reduced by \$10,917 to \$489,083 ($\$500,000 - \$10,917 = \$489,083$).

Next, the Department takes into account the fact that an increased maximum levy will generate additional excise tax revenue. In 2024, the City will receive an estimated \$2,119,605 in excise tax revenue (for funds subject to the City’s maximum levy), which represents approximately 12.6465% of the City’s 2024 certified maximum levy. Thus, an excess levy of \$489,083, combined with the resulting additional excise tax revenue of \$62,974 ($\$489,083 * 0.128759 = \$62,974$); ($\$489,083 - \$62,974 = \$426,109$), will provide the City with the additional revenue it is seeking for 2024.

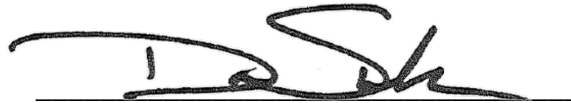
The Department also takes into account the fact that an increased maximum levy will generate additional local income tax (“LIT”) revenue for 2024. However, the City will not receive a

certified shares distribution of a distribution under Ind. Code § 6-3.6-6-3(a)(2). As a result, the excess levy will not be reduced further in 2024 due to LIT revenue.

Therefore, the Department approves the excess levy as follows for the stated tax years. First, for **2023-Pay-2024**, the excess levy is approved for **\$426,109**. This is a permanent increase and does not include an increase by the maximum levy growth quotient.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

WITNESS MY HAND AND SEAL of this Department on this 28 day of December, 2023.

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

Daniel Shackle, Commissioner