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

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| **IN THE MATTER OF THE REQUEST** | **)** | |
| **OF SOUTHWEST ALLEN COUNTY** | **)** | |
| **FIRE PROTECTION DISTRICT, FOR** | **)** | **A23-003** |
| **AN EXCESS LEVY DUE TO AN** | **)** | |
| **EXTENSION OF SERVICES** | **)** | |

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The Department of Local Government Finance ("Department") has reviewed Southwest Allen County Fire Protection District's ("District") appeal for an excess levy in the amount of $8,000,000 due to an extension of services.

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 District represents in its appeal that in December 2022 the Allen County Commissioners created new fire districts and expanded the District in an effort to provide all residents of Allen County with fire and EMS services. The District was expanded by adding Marion Township to its service area, and is effective January 1, 2023. The District was formerly comprised of the townships of Lafayette, Pleasant, and Wayne, which still remain within the service area. With the expansion, the District would also take over the Poe Fire Department, a private fire department within the unincorporated Town of Poe in Marion Township.

The District also states in its appeal that the County Commissioners stipulated with the fire protection districts and fire territories that "everyone would provide paramedic services versus the current EMT service and that all districts and territories have a uniform pay scale and manning table with the intent of some day merging everyone into a Countywide fire district." The District claims that, based on this stipulation, the District "would have to go from staffing two of our four current stations to staffing four stations," including the Poe Fire Department, and "begin hiring paramedics as well as additional firefighters for all stations." The District states that the change from staffing EMT's to paramedics, and hiring additional firefighters, is a major budget increase and cannot be supported by the current levy.

The District states that it is not going to apply the full amount of the excess levy for the 2024 budget "as it will take a 1-2 years*[sic]* for us to hire the necessary qualified employees, but need to have this new max levy established so that our budget can grow into our staffing needs." The District then represents its staffing need, based on the new maximum levy, would provide 36 firefighters and 24 paramedics, compared to 9 and 11, respectively, that it has now. The District reiterates that the requested excess levy is being desired for 2025 and not 2024 because "it would not be possible to hire this many people and have them properly trained in 2024."

The District also provided a cost breakdown for hiring the additional firefighters and paramedics in 2024, compared to the desired levy based on the $8,000,000 excess levy, as follows:

| **Category** | **Budgeted Amount for 2024** | **Budgeted With Excess Levy** |
|---|---|---|
| Personal Services | $4,061,069 | $7,108,436 |
| Supplies | $232,300 | $297,800 |
| Other Services and Charges | $687,801 | $861,564 |
| Capital Outlays | $525,000 | $525,000 |
| **Grand Total** | **$5,506,170** | **$8,792,800** |

The most notable difference between the 2024 budget and the desired budget is the increase in firefighter pay. The District claims its 2024 budget for full-time firefighters will be $2,129,524, while its budget with the entire excess levy is stated to be $4,568,974. There are associated increases to FICA taxes, retirement and health benefits, and other costs. There are also indicated decreases in some line items, such as part-time firefighters ($680,000 to $240,000) and clothing allowances. It is inferred that in addition to the new hirings, there will be costs associated with staffing four stations.

The District represents that it expects to receive $792,800 in miscellaneous revenue in pay-2024. Therefore, the requested excess levy is $8,000,000. Upon further questioning, the District clarified that its actual excess levy request is the difference between the desired levy of $8,000,000 and the District's estimated 2023 maximum levy of $1,461,811. Therefore, the District's actual excess levy request is $6,538,189.

Ind. Code § 6-1.1-18.5-13(a)(1) provides that an excess levy may be granted "due to increased costs of the civil taxing unit resulting from . . . extensions of governmental services by the civil taxing unit to *additional geographic areas*." (Emphasis added.) Upon further questioning from the Department, the District clarified that the newly hired firefighters and paramedics would be spread among existing stations in the District, not just Marion Township. The District also stated that the cost to provide services to Marion Township is estimated to be $2,017,400. This amount is based on the following costs to fully staff, insure, and maintain the Poe Fire Station in the township:

| **Line Item** | **Amount** |
|---|---|
| 9 firefighters/EMT's salaries, retirement, & clothing | $676,800 |
| 6 firefighters/paramedics salary, retirement & clothing | $525,600 |
| Part-time firefighters | $180,000 |
| Health insurance for 15 employees | $210,000 |
| Supplies | $25,000 |
| Other Services and Charges | $150,000 |
| Capital Outlay – Turnout gear & other small items | $100,000 |
| Potential repairs to firehouse | $150,000 |
| **Total** | **$2,017,400** |

The District also stated this extension of services will also incur a shared cost of the training officer, chief, assistant chiefs, clerical services, fiscal officer, trustees, and workers compensation, but did not elaborate on costs.

Because the District's tax base is being extended into an additional service area, the District's maximum levy will be subject to an adjustment based on Step Three of IC 6-1.1-18.5-3(a). This adjustment is automatically applied to the District's maximum levy. This adjustment applies an increase to the maximum levy based on the percent change in the District's boundaries with and without the extension of the service area, using 2023-pay-2024 CNAVs for each taxing district in the service area. This amount is estimated to be $256,274. Therefore, the initially eligible approved amount of $2,017,400 is reduced to $1,761,126 to account for this automatic adjustment. This amount is further adjusted as follows.

First, the Department takes into account the fact that an increased maximum levy will generate additional excise tax revenue. In 2024, the District will receive an estimated $95,634 in excise tax revenue (for funds subject to the District's maximum levy), which represents approximately 5.8249% of the District's 2024 certified maximum levy. Thus, an excess levy of $1,658,542, combined with the resulting additional excise tax revenue of $102,584 ($1,761,126 * 0.058249 = $102,584); ($1,761,126 - $102,584 = $1,658,542), will provide the District with the additional revenue it is seeking for 2024.

Second, the Department takes into account the fact that an increased maximum levy will generate additional local income tax ("LIT") revenue for 2025. This includes the increase in attributable allocation and an increase to the District's distribution under IC 6-3.6-6-3(a)(2). Increasing the District's maximum levy by $1,658,542 for 2024 will increase the District's 2025 LIT attributed allocation to $3,935,372 ($2,276,830 plus $1,658,542) and the countywide LIT attributed allocation to $425,585,697 ($423,927,155 plus $1,658,542). The District's $3,935,372 attributed allocation will constitute approximately 0.9247% of the 2025 countywide attributed allocation of $425,585,697.

Since a unit's certified shares of LIT are affected by changes in the unit's property tax levy, a 72.8443% increase to the District's 2025 attributed allocation means the District is estimated to receive approximately $276,819 in additional LIT certified shares. Thus, adjusting the excess levy to $1,381,723 ($1,658,542 - $276,819) for 2025 will then provide the District with the levy it is seeking after taking into account additional revenues.

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 **$1,658,542**. For **2024-pay-2025**, the excess levy is reduced to **$1,381,723**. This is a permanent increase and 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 21 day of November, 2023.

**Daniel Shackle, Commissioner**