

**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 KNIGHTSTOWN,                    )**  
**HENRY COUNTY, FOR AN EXCESS                )**       **A23-064**  
**DUE TO AN EXTENSION OF SERVICES        )**

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The Department of Local Government Finance (“Department”) has reviewed the Town of Knightstown’s (“Town”) appeal for an excess levy in the amount of \$103,797 due to an extension of services, effective January 1, 2023.

Upon review of the petition, the Department, following Ind. Code § 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 **\$85,823** for pay-2024 and **\$62,855** for pay-2025, plus the maximum levy growth quotient.

The Town, a unit in Henry County, represents in its appeal that it is extending parks and recreation services to the unincorporated area of Wayne Township (“Township”), also in Henry County. The Town states that the extension was approved by voters in the unincorporated Township in a local referendum that took place in the fall of 2022 pursuant to Ind. Code § 36-3-10-36(a). The Town includes in its petition a copy of the following:

- Copies of Ind. Code §§ 36-10-3-33 through 37, detailing petition and referendum process.
- Copies of petition and counterparts to Knightstown Park and Recreation Board (“Town Park Board”).
- Town Ordinance No. 072122-B, entitled “An Ordinance Approving Petitions to Expand Park Board Jurisdiction and Certifying Question to Henry County Election Board to Be Decided in a Special Election, adopted July 21, 2022.”
- Town Park Board Resolution No. 06-20-22, entitled “A Resolution Approving Petitions to Expand Park Board Jurisdiction and Recommending the Knightstown Town Council Adopt an Ordinance Accomplishing the Petitions’ Objectives.”
- Summary Report of November 8, 2022, election results in Henry County, indicating passage rate of 68.20% in favor of the extension of services and 31.8% against.

The Department finds that the Town, pursuant to a successful referendum under Ind. Code § 36-10-3, will be extending governmental services to an additional geographic area. In addition, the referendum was held and approved prior to the January 1, 2023, assessment date, meaning that the Town’s expansion would first be effective for pay-2024 taxes.<sup>1</sup> Hence, the Department concludes that the Town is eligible for an excess levy under Ind. Code § 6-1.1-18.5-13(a)(1). The Town has also indicated on its Form 3 that it seeks an excess levy of \$92,795 for its Parks Fund (DLGF Fund Number 1303).

The Town states in its appeal that for several years its Parks Fund “had budgets that were lower than needed to adequately provide for the park and recreation needs,” therefore expansion of services to the Township “was seen as a way to bring in needed additional revenue” while maintaining a consistent tax rate. The Town represents that the excess levy, funding a \$100,000 budget, is “the minimum necessary to be able to meet the park and recreation needs” of those who live in the expanding area. The Town then provides a breakdown of the following expenses by category for 2024 through 2028, the sums of which are as follows:

<b>Category</b>	<b>Total expenses 2024-2028</b>
Personnel	\$91,070
Supplies	\$13,010
Services & Charges	\$260,201
Debt	\$0
Capital Outlay	\$156,120
<b>Total</b>	<b>\$520,401</b>

Therefore, the total planned Park Fund expenses over the next 5 years for the extension area is \$520,401, the average of this amount (rounded to nearest dollar) is \$104,080. By comparison, the 2023 certified levy for the Town’s Parks Fund is \$27,450.

Therefore, the Department finds that the Town is eligible for the lesser of \$104,080, the average of the expenses over 5 years, or the amount requested, which is \$92,475. This figure will be further adjusted as follows:

The Department takes into account the fact that an increased maximum levy will generate additional excise tax revenue. In 2024, the Town will receive \$44,179 in excise tax revenue (for funds subject to the Town’s maximum levy), which represents approximately 7.5131% of the Town’s 2024 maximum levy of \$588,023. Thus, an excess levy of \$85,823, combined with the resulting additional excise tax revenue of \$6,972 ( $\$92,475 * 0.075131 = \$6,972$ ;  $\$92,475 - \$6,972 = \$85,823$ ), will provide the Town with the additional levy it is seeking for 2024.

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<sup>1</sup> The Department should note that while the referendum passed before January 1, 2023, the certified net assessed values of the Henry County Auditor did not tie the taxing districts associated with the four townships in the expansion area to the Town’s Parks Fund. The Department, under the authority of Ind. Code § 6-1.1-18.5-14, has corrected the Town’s certified net assessed values accordingly. This correction should not be taken as an ordinary Department procedure, and any local unit extending service areas for tax purposes should take appropriate steps to ensure the County Auditor’s certified net assessed values are accurate with respect to the extension.

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. Increasing the Town’s maximum levy by \$85,823 for 2024 will increase the Town’s 2025 LIT attributed allocation to \$871,831 (\$786,008 plus \$85,823) and the countywide LIT attributed allocation to \$41,286,128 (\$41,200,305 plus \$85,823). The Town’s \$871,831 attributed allocation will constitute approximately 2.1117 % of the 2025 countywide attributed allocation of \$41,286,128.

Since a unit’s certified shares of LIT are affected by changes in the unit’s property tax levy, a 10.9189% increase to the Town’s 2025 attributed allocation means the Town is estimated to receive approximately \$22,968 in additional LIT certified shares, including the Ind. Code § 6-3.6-6-3(a)(2) distribution. Thus, adjusting the excess levy to \$62,855 (\$85,823 - \$22,968 = \$62,855) for 2025 will then provide the Town with the levy it is seeking after taking into account additional revenues.

Therefore, the Department **APPROVES** the Town’s excess levy as follows for the stated tax years. First, for **2023-pay-2024**, the excess levy is approved for **\$85,823**. For **2024-pay-2025**, the excess levy is reduced to **\$62,855**. This is a permanent increase and does not include an increase by the maximum levy growth quotient.

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 1 day of December, 2023.



**Daniel Shackle, Commissioner**