

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 MARTINSVILLE,)
MORGAN COUNTY, FOR AN) **A23-042**
EXCESS LEVY DUE TO)
THREE-YEAR GROWTH)

The Department of Local Government Finance (“Department”) has reviewed an appeal by City of Martinsville (“City”) for an excess levy in the amount of \$387,850 to its civil maximum levy due to three-year growth. Ind. Code § 6-1.1-18.5-13 allows the Department to grant permission to a civil taxing unit to increase its maximum levy if the Department finds that the quotient determined under Step Six of the following formula is equal to or greater than one and two-hundredths (1.02):

Step 1: Determine the three calendar years that most immediately precede the ensuing calendar year:
2023, 2022, and 2021

Step 2: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.:

City assessed values for 2020, 2021, 2022, and 2023, respectively:

<i>2020:</i>	<i>387,729,858</i>
<i>2021:</i>	<i>410,326,467</i>
<i>2022:</i>	<i>429,536,348</i>
<i>2023:</i>	<i>536,869,068</i>

Step 2 quotients:

<i>2021/2020:</i>	<i>1.0583</i>
<i>2022/2021:</i>	<i>1.0468</i>
<i>2023/2022:</i>	<i>1.2499</i>

Step 3: Sum the results of Step 2 and divide by three:

1.1183 ([1.0583+1.0468+1.2499]/3)

Step 4: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.

Statewide average quotients for 2021, 2022, and 2023, respectively:

1.0392; 1.0541; 1.1481

Step 5: Add the Step 4 results and divide by three:
1.0804 ([1.0392; 1.0541; 1.1481]/3)

Step 6: Divide the Step 3 results by the Step 5 results:
1.0351 (1.1183/1.0804)

The maximum amount that the Department may award is the amount by which Step 3 exceeds the maximum levy growth quotient (“MLGQ”) as calculated according to Ind. Code § 6-1.1-18.5-2 (this amount is 1.04 or 4% for 2024; since 1.0351 is greater than 1.020, the City is eligible for a three-year growth appeal):

0.0783 (7.83%) (1.1183-1.0400)

The City’s 2023 maximum civil levy is \$4,953,390. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 7.83% growth factor calculated above results in a figure of \$387,976, which is the maximum for which the City could qualify under the statutory formula. Under Ind. Code § 6-1.1-18.5-12(a), the City must also show that it is unable to perform its government functions without this increase.

The City states in its appeal that the excess levy is needed to provide additional funding for road and sidewalk repair. The City claims that its roads and sidewalks are “in various states of disrepair” and includes a letter from the Martinsville City Street Superintendent to the City Mayor. The letter refers to the Pavement Surface Evaluation and Ratings (“PASER”) report in support of the claim that, in needing to resurface 8-9 miles of road, it will cost approximately \$1.4 million to \$1.6 million each year “to keep our rating in the good to very good range.” The letter then claims the City’s sidewalks have deteriorated, either by being pushed up by tree roots “creating serious trip hazards” which led to lawsuits, or by collapsing under cars parked on them and creating ice patches in the winter. The letter refers back to the PASER report in claiming that 70% of its sidewalks “would be in the Poor to Very Poor range” and ultimately recommends “\$1.5 million/year on local roads and \$1 million/year on sidewalks.”

The City states that both the City and the RDC issued bonds toward infrastructure, more funding is needed and more general obligation bonds would be inadequate. The Department asked for clarification about this. The City responded that the City is close to its constitutional debt limit and the City has to weigh other needs to issue debt for, citing an aerial truck as an example.

The City stated on its Budget Form 3 that it seeks an excess levy appeal of \$387,350 for its General Fund. The Form 3 also indicates that the City’s Motor Vehicle Highway (“MVH”) and Local Road Fund budgets are \$2,960,497 and \$186,000, respectively. The MVH fund levy is advertised to be \$1,415,000. None of the excess levy is represented to go to the MVH fund. The resolution for the excess levy appeal indicates a vote of 5-3. The City has indicated that no explanation was given by those voting opposition about their votes.

After a 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:

APPROVED:

The City's excess levy appeal is approved in the amount of **\$387,850**. This figure reflects the amount for which the City qualifies under the statutory three-year growth formula and does not exceed the amount for which the City advertised and petitioned the Department. This approval is based on the City's representation that the need for the excess levy is for road and sidewalk repair, even though the Form 3 indicates the excess levy being deposited in the General Fund, which can be used for other purposes. If it comes to the Department's attention that the excess levy was used for some other purpose, it could affect the City being approved for future excess levy appeals.

This is a one-time, permanent increase.

STATE OF INDIANA
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WITNESS MY HAND AND SEAL of this Department on this 29 day of
November, 2023.



Daniel Shackle, Commissioner