



# Funding Options for Fire and EMS

June 18, 2024

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Tax Increment Finance (TIF)

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## Fire territories and districts



### Fire Territory (IC 36-8-19)

Formed by 2 or more governmental entities

Allows separate property tax levy for operations and capital

Max levy set in first year (may also phase-in levy up to 5 years)



### Fire District (IC 36-8-11)

Independent governmental entity established by County Commissioners

Allows separate property tax levy for operations and capital

Max levy set in first year

# More about fire districts

## Creation

- Option #1
  - Established by County Commissioners
- Option #2
  - Established by freeholders – a majority or 20% with a minimum of 500, whichever is less
  - Co. Commissioners conduct a hearing to determine whether the district should be established
  - A petition may be filed against establishment – 51% of the property owners or property owners who own 2/3 of the real property
  - If petition is successful, a district cannot be established for 2 years
- May consist of:
  - 1 or more townships and parts of 1 or more townships
  - Municipalities
- Established by **January 1** to levy taxes the following year

## Governance

- Co. Commissioners appoint a Board of Trustees (at least 3)
- One from each township or part of a township in the district
- One from each municipality in the district
- Powers of the Board
  - Same powers as township trustee for fire
  - Hires and sets compensation
  - Prescribes rules
  - Makes annual report to the county
  - Levy taxes, issue bonds and incur debt
  - Meets at least 4 times a year

## More about fire districts

### Taxing Authority

- Uniform tax rate throughout the district
- Budgets, rates, and levies are set the first year (state-wide levy growth subsequent years)
- First year levy based on funding necessary to cover recurring operational costs
- Budget and levy approved by County Council
- District can issue bonds and incur debt to purchase equipment and housing
- No duplicate levies permitted for fire purposes by government units within the district
- Separate legal entity

### Timing

- Adopted by January 1
- Begin levying taxes in the following year – first tax draw in June
- Funding options prior to the first tax draw
  - Tax anticipation warrant from a bank
  - Cash on hand

## More about fire districts

### Budget and Property Tax Levy

- Fire General (Operating)
  - Max levy limitation
  - Subject to annual statewide levy growth
- Cumulative Fire (Capital)
  - Used for fire equipment, apparatus, and housing
  - Max rate of \$.0333
- Budget Approval
  - Approved by the County Council and the DLGF

### Impact on Existing Fire Depts.

- No requirement to dissolve a township or municipal fire department
- May contract with:
  - Fire Departments
  - Townships
  - Municipalities
  - Ambulance Services
  - Other service providers as needed
- Asset ownership can remain the same



# Local Income Tax (LIT)



## LIT Emergency Medical Services

- May be adopted by the County Council for paying the operating costs incurred by the county for EMS provided throughout the county.
- Max rate is .2% and may not be in effect for more than 25 years.

## LIT Public Safety

- A fire department, volunteer fire department, or EMS provider may before July 1 of a year, apply to the County Council for a distribution of LIT Public Safety for the following year.
- The Council's decision on the application is due before September 1.

## **Township levies property tax inside municipal boundaries (IC 36-8-13-3 and IC 36-8-13-4.6)**

- A township may provide Fire or EMS or both inside the corporate boundaries of a municipality without a contract if:
  - Some or part of the municipality is within the township and the municipality does not have a full-time paid department; and
  - Before July 1
    - The municipality's legislative body approves to have the township provide services without contract; and
    - The township's legislative body approves the provision of the services without contract
- The municipality's max levy will be reduced by the amount of property tax used to fund fire and EMS.
- The township's max levy will be increased by the product of 1.05 multiplied by the max levy in the year the change was adopted plus contractual payments (5% increase over current township levy plus contractual payments from municipality whose levy was decreased)





## Township fire emergency loan (36-6-6-14)



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The Township Board may authorize the Trustee to borrow a specified amount of money sufficient to meet the need for fire and emergency services requiring expenditure of money not included in the Township's budget

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The Township may not borrow in more than three calendar years during a five-year period

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10 or more taxpayers may file an objection petition against the emergency loan at which point the DLGF will hold a public hearing

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DLGF will make a final determination

## FUNDING OPTIONS FOR FIRE AND EMS

### **Township petitions for increase to fire max levy (IC 6-1.1-18-28)**



A township may petition the DLGF to increase the fire maximum levy if the 10-year change in population exceeds 6%.



The amount of property tax rate increase equals the lesser of the 10-year percentage change in population or 15%.



The maximum tax rate increase is \$.15 in any 10-year period.



## Tax Increment Finance (TIF)

- The primary purposes of TIF is to finance incentives or infrastructure needed to induce private investment, to encourage orderly economic growth in targeted areas, and to redevelop blighted areas
- TIF revenues may also be used for public safety expenses including both capital and operating expenses
- Using TIF for recurring public safety expenses limits the amount that may be used for economic development, infrastructure and other public improvement projects
- TIF allocation areas expire depending on when they were established and obligations outstanding

Date allocation area established	Expiration date
TIF area is established <b>before</b> July 1, 1995	TIF expires the <b>later</b> of 2025 or following the final maturity of obligations outstanding as of July 1, 2015
TIF area is established <b>between</b> July 1, 1995 and July 1, 2008	TIF expires 30 years <b>after</b> the adoption of the declaratory resolution
TIF area is established <b>after</b> July 1, 2008	TIF expires 25 years after the date the first obligation payable was incurred

# Questions?

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