

Property Tax Levies

Cities/towns are permitted property tax levy growth under current tax laws. Each year this increase is based on the lesser of 6% or the previous 6-year average growth in Indiana non-farm personal income. Cities/towns experiencing more rapid growth may qualify for an additional increase through an excessive levy appeal. The excessive levy appeal procedure described in this manual allows for levy growth in excess of the norm. Proper procedures must be followed to attain this special exception.



Each year levy increases are limited to the lesser of 6% or the previous 6-year average growth in Indiana non-farm income

The maximum levy limitations are determined by the Department of Local Government Finance and represent the maximum amount of property taxes that may be raised in a given year. The information is furnished to City/Town Clerk-Treasurers prior to preparation of ensuing calendar year budgets. Cities/towns have one maximum levy worksheet. This worksheet encompasses the city/town operating budget. The estimate of funds to be raised through property taxes may not exceed the maximum levy established for the city/town operating budget. This levy limitation includes any levies for city/town general fund, motor vehicle & highway fund and other city/town funds. The Clerk-Treasurer must balance the needs of the city/town with the levy limitations.

Determination of the city/town's proposed property tax rate is calculated on the 16-line statement or Form 4B, Estimate of Funds to be Raised. The Estimate of Funds to be Raised is the property tax levy desired for each fund. Step one involves determining the assessed valuation of taxable property within the city/town's jurisdiction. This assessed valuation is provided by the County Auditor and certified to the Department of Local Government Finance. The same calculation is used for each fund with a property tax levy.

Step two requires the Clerk-Treasurer to take the estimate of funds to be raised on Line 16 of Form 4B and divide that amount by the total assessed valuation (per each \$100 of assessed valuation) for the taxing district to determine the tax rate needed to support the fund.

For example: Estimate of funds to be raised is \$100,000
Assessed valuation is \$160,000,000
Tax rate: $100,000 / (160,000,000 / 100) = .0625$ tax rate
(To check your work $.0625 \times 1,600,000.00 = 100,000$)

The tax rate calculated (.0625) represents the property tax rate needed to support this particular fund. The same calculation is made for all funds with a property tax levy.