

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 CEDAR LAKE,) **A23-075**
LAKE COUNTY, FOR AN EXCESS)
LEVY DUE TO THREE-YEAR GROWTH)

The Department of Local Government Finance (“Department”) has reviewed an appeal by the Town of Cedar Lake (“Town”) for an excess levy in the amount of \$389,654 to its civil maximum levy due to three-year growth. Indiana 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.:

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

<i>2020:</i>	<i>600,232,689</i>
<i>2021:</i>	<i>663,205,480</i>
<i>2022:</i>	<i>744,576,738</i>
<i>2023:</i>	<i>870,658,101</i>

Step 2 quotients:

<i>2021/2020:</i>	<i>1.1049</i>
<i>2022/2021:</i>	<i>1.1227</i>
<i>2023/2022:</i>	<i>1.1693</i>

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

1.1323 ([1.1049+1.1227+1.1693]/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:

1.0480 (1.1323/1.0804)

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 1.0480 is greater than 1.020, the Town is eligible for a three-year growth appeal):

0.0923 (9.23%) (1.1323-1.0400)

The Town’s 2023 maximum civil levy is \$4,207,928. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 9.23% growth factor calculated above results in a figure of \$388,392, which is the maximum for which the Town could qualify under the statutory formula. Under Ind. Code § 6-1.1-18.5-12(a), the Town must also show that it is unable to perform its government functions without this increase.

The Town states in its appeal that the excess levy is necessary as the “standard AVGQ levy increases continue to be inadequate considering [population] growth and standard inflationary cost increases, . . . especially when it comes to funding public safety needs and maintaining infrastructure.” The Town has seen an addition of over 1,000 new residents over the past five (5) years with housing development continuing to grow. Ultimately, the Town indicated that it would not be able to fund its current budget with the excess levy.

The Department does not find that inflation and rising costs as appropriate reasons to grant an excess levy. Inflation is an ongoing economic phenomenon, and the recent high rate of inflation will likely return to more manageable levels in the near future. More importantly, inflation affects everyone, including the taxpayers who would also then have to bear the burden of an excess levy. The taxpayers have to deal with the rising costs as much as the City, but while the City can claim it needs an excess levy to make up for rising costs, the taxpayers may not have similar recourses for relief. This is especially important considering the Indiana General Assembly enacted legislation in 2023 to limit the MLGQ for Pay-2024 as a way of controlling the taxpayers’ burden due to rising property values and inflation. Therefore, the Department will not consider inflation or general cost increases as justification for the excess levy.

The Town did indicate a need to hire two (2) additional firefighters, and these additional hires would include expenses for wages, benefits, and training. Additionally, the Town is currently in the process of constructing a second fire station, and the additional staffing is needed to man this new fire station. The Town also needs to hire a certified mechanic to manage the Town’s fleet of vehicles and aging equipment, as well as a GIS coordinator to assist with the Town’s required GIS services.

Based on the data available from the Town’s Employee Compensation Report (Form 100R), below are the average and median full-time firefighter salaries from 2018 to 2022:

Year	Number of FT Employees	Average Salary	Median Salary
2022	17	\$61,962.61	\$66,765.42
2021	15	\$56,211.23	\$65,770.35
2020	13	\$53,498.59	\$56,047.81
2019	10	\$52,000.33	\$54,458.41
2018	12	\$48,559.47	\$52,630.11

Based on the data available from the Town’s Employee Compensation Report (Form 100R), below are the salaries for a certified mechanic and a technology director from 2018 to 2022:

Year	Mechanic Salary	Technology Director Salary
2022	\$43,978.11	\$68,958.50
2021	\$38,134.33	\$66,950.00
2020	\$42,986.66	\$28,510.22
2019	\$42,608.90	N/A
2018	\$40,662.50	N/A

The Town stated on its Budget Form 3 that it seeks an excess levy appeal of \$304,654 for its General Fund and \$85,000 for its Motor Vehicle Highway Fund. Finally, the Town received a permanent excess levy in the amount of \$155,976 for Pay-2023, \$70,900 for Pay-2022, and \$36,105 for Pay-2021.

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 WITH MODIFICATION:

The Town’s excess levy appeal is approved in the amount of **\$388,392**. This figure reflects the amount for which the Town qualifies under the statutory three-year growth formula and does not exceed the amount for which the Town advertised and petitioned the Department. This is a one-time, permanent increase.

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WITNESS MY HAND AND SEAL of this Department on this 12 day of December, 2023.



Daniel Shackle, Commissioner