

**Government Modernization Statute (IC 36-1.5)
Problems (2006) and Outcomes**

2006 IACIR Conclusions	Outcome to Date
1. An unlimited set of government structures could become difficult for citizens to understand and for state and local government to manage.	Remains a potential concern. The types of consolidations considered thus far, include county-city, city-township, school districts, townships, and fire departments (Marion County).
2. IC 36-1.5 does not allow the consolidation of townships across county lines.	Not addressed.
3. The consolidation of local government units is inherently difficult. The process required by IC 36-1.5 is onerous and likely will hinder further consolidations.	2013-PL 202 eliminated the need for a reorganization committee in addition to the process before the legislative body.
4. The statute is biased toward new consolidation efforts rather than facilitating existing efforts.	The effort to consolidate Evansville-Vanderburgh County started over under the new rules.
5. Rejection thresholds (super majority) and potential countywide approval make success more difficult.	Clarified, but not made easier. Rejection thresholds required for county-municipal and municipal-township reorgs. Limited to no more than 55%. Three geographies must approve.
6. Local legislative bodies can stop the process in spite of an initiating petition by citizens.	Still possible for a legislative body to stop the process.
7. Local officials can deter the process through the appointment of hostile committee members.	Reorganization committee was eliminated (2013-PL 202).
8. The statutory and legal limits of the structural and service flexibility provided by IC 36-1.5 are unclear.	Some clarity provided in 2013-PL 202. Likely still some uncertainty if reorganization proposes something really new.
9. When the participating local governments are of different types (e.g, township and municipality), a conflict exists regarding how non-participating units are treated in the reorganization process.	Fiscal analysis must address the effects on other non-participating units 2013-PL 202. Still can be issues in which non-participating units are negatively affected. Example: Whitestown
10. Limited detail is provided about the ability of consolidated local governments to establish differential service and tax rates within a single local government.	Clarified in 2013-PL 202.
11. The potential loss of fiscal resources may deter future consolidations.	2011- PL 58 clarified that local governments must be left with a certain amount of savings on a declining schedule over 5 years. The statute does not allow local governments the full natural incentive associated with consolidating units or services. No explicit additional incentive has been created.
12. It is unclear how new local governments will fit into existing systems, such as tax distribution formulas.	?

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13. Explicit incentives are needed to encourage the use of this tool and others that are available to accomplish local unit consolidation and service collaboration.	2011- PL 58 clarified that local governments must be left with a certain amount of savings on a declining schedule over 5 years. The statute does not allow local governments the full natural incentive associated with consolidating units or services. No explicit additional incentive has been created.
14. The potential for legislative action on the recommendations of the Commission on Local Government reform creates significant uncertainty for communities considering consolidation or service arrangements under IC 36-1.5.	This uncertainty has passed.