

Indiana Advisory Commission on Intergovernmental Relations

Thursday, November 20, 2008

9:30 A.M. – 12:00 P.M.

Indiana State Teachers Association Conference Center

150 W. Market St., Second Floor

Indianapolis, Indiana

MINUTES

CALL TO ORDER/WELCOME

Chair Win Moses called the meeting to order at approximately 9:30 A.M. He welcomed the group (see Attachment A).

MEETING AGENDA

- Call to Order Chair Win Moses
- Welcome Chair Win Moses
- Approval of Minutes of October 2, 2008 Chair Win Moses
- Update on 2008 Survey of Local Elected Officials Jamie L. Palmer
- Review Findings on Fiscal Review Responsibilities in 2008 HEA 1001 Chair Win Moses
Commission Membership
- Review Findings on 2006 HEA 1362 Chair Win Moses
Commission Membership
- Next Meeting: Following Legislative Session Chair Win Moses
- Adjournment Chair Win Moses

APPROVAL OF MINUTES OF OCTOBER 2, 2008

Representative Moses asked the commission to review the minutes from the previous meeting.

Linda Williams moved to approve the minutes of October 2, 2008. The motion was seconded by Senator Bob Deig. The motion carried by unanimous vote.

UPDATE ON 2008 SURVEY OF ELECTED OFFICIALS

Jamie Palmer presented preliminary findings from the 2008 survey of local elected officials (see Attachment B).

Tonya Galbraith indicated that it was not surprising that economics dominated the responses on the survey.

One commission member asked about the results regarding the Kernan-Shepard recommendations on local government reform.

Ms. Palmer indicated that elected officials generally were more favorable to changes in business practices and voluntary measures than to structural changes.

John Krauss indicated that the recommendation had spurred a number of discussions on local government reform around the state. Local governments often need some good technical assistance to move forward. As an example, interlocal agreements are one tool that local governments can use to consolidate services. Communities that have good legal counsel use the tool more often.

REVIEW FINDINGS ON LOCAL FISCAL REVIEW RESPONSIBILITIES IN 2008 HEA 1001

Ms. Palmer summarized the process used to study the new local fiscal review responsibilities established in 2008 HEA 1001 (see Attachment C). She reviewed proposed areas of agreement, areas of clear disagreement, and miscellaneous issues that had been raised in one or more of the presentation or discussions on the issue.

Following the summary, Ms. Palmer asked for feedback on the areas of agreement and the areas of disagreement.

Joyce Poling asked about the legislative intent of local review. She surmised that it could be a catalyst for local collaboration and for encouraging local governments to look to the future. She indicated that the Monroe County Council struggled with the new responsibility. The council used the information provided. They have access to good attorneys, but still had some difficulty. She suggested that some guidelines or guidance was needed about how to complete the review. She expected that smaller counties struggled more.

Sue Paris indicated that local attorneys aren't necessarily experts on the new review responsibilities. Some counties do not have regular access to attorneys.

Mr. Krauss suggested that there is a need for a neutral entity that can provide ongoing technical assistance on issues such as these. That function could rest in state government and be provided internally or by an external entity. Over time the Dept. of Local Government Finance (DLGF) has been mentioned as one possibility. That discussion often raises concerns about whether DLGF can be a regulator and a provider of neutral technical assistance.

Meredith Carter indicated that there is not current data available to support decisionmaking. Many counties don't have their final assessment numbers done. He also wondered how far counties should go in providing review if the review is not binding. Local governments in Hamilton County didn't adjust their budgets based on the county review.

One commission member suggested that the reviews would be reported to the public in the news even though they are not binding.

Cris Johnston indicated that prior to this review no entity could see the collective burden on local taxpayers.

Mr. Carter suggested that the process is good for setting some general local fiscal limits. The data provided by local government was not consistent enough to allow full analysis and review.

Ms. Williams asked if Hamilton County had communicated what they needed to the affected local governments.

Mr. Carter indicated that they had not.

Ms. Williams suggested that the timing of the review did not allow time for effective interaction.

Representative Moses said that the process established by the legislation needs fine tuning.

Mayor James Fleck reiterated that there are no standard criteria for the process or for doing the local evaluation.

Mayor Norm Yoder indicated that the DeKalb County had reviewed twenty-eight local governments and given positive recommendations to only four. They cited increases in local budgets relative to non-farm income as the reason for negative recommendations.

Tonya Galbraith suggested that budgets already had been passed when the first set of county reviews occurred.

Representative Moses indicated that in Allen County he has gotten conflicting input. Some feel that without a binding review, the process is worthless. Others felt that a binding review is too oppressive. He expected that school districts in his county would oppose being included in the review.

Larry Breese asked whether the DLGF intended to use the reviews in approving tax rates.

Ms. Williams said that DLGF had confirmed that they would.

Senator Phil Boots indicated that there is a need for overarching control over property taxes. To work, the review must be binding and include schools. He was concerned that the current structure could result in counties "rubber-stamping" local government submissions.

Mr. Krauss indicated that the exclusion of schools from various property tax solutions has been a recurring issue over time.

Mr. Johnston indicated that during the legislative discussions DLGF was concerned about many of these issues.

Mr. Carter suggested that if the reviews are to be binding and effective, county councils would need more face-to-face input with local government representatives.

Mr. Johnston indicated that the purpose of central review was to provide transparency. Citizens do not know what is coming before the tax bills. The review provides a "point of roll-up" before the tax bills come out.

Mayor Yoder suggested that transparency should not mean establishing a fiscal policeman. The property tax caps will force collaboration. Many local governments have not internalized the effect of the caps. Others think that the system will be changed before the full effects occur. In some cases, the caps will have to take effect to convince folks that they are real.

Mr. Krauss indicated that much of the discussion suggested the need for a more streamlined process and more definitiveness. While the first round may not have been perfect, it will make communication in the future better.

Ms. Paris indicated that school districts in Bartholomew County will be involved in a local meeting.

The commission asked that she report the results back.

Mayor Yoder suggested that a review body that was somewhat external to county government would be better. Perhaps a body that included elected officials from a number of local governments.

Senator Boots reiterated that while the school portion of property taxes was now smaller, they still needed to be included in the process.

Mr. Breese indicated that there was no guidance on what format to use to present local budgets. He submitted the same information he would have submitted to DLGF.

Mr. Krauss lamented that there still is not requirement for electronic submission of budgets.

Representative Moses suggested that counties may need to retain fiscal analysts to complete the analysis needed to provide effective review.

Sara Arnold suggested that a lot of training was needed for county councils. Rural county councils are populated by farmers and small businesspeople. In the absence of training, counties may have to hire experts to conduct the review.

Ms. Paris indicated that the Association of Indiana Counties was providing training within workshops on fiscal issues. She expects that the review responsibilities will affect who runs for office.

Mayor Fleck asked about whether counties would need full-time assistance to complete these reviews.

Representative Moses suggested that the caps might force counties to hire more staff or external assistance.

Mr. Krauss indicated that this responsibility would default to the county auditor. Auditors already are overwhelmed.

Ms. Paris suggested that auditors will need training.

Mayor Yoder suggested that the caps would either create local collaboration or local wars. The General Assembly needs to find the right mechanism to encourage the former.

Senator Boots suggested that a body of elected officials was appropriate because they are responsive to citizens.

Senator Deig suggested that there has been a trend to put rules in place regarding property taxes and then change them before they have a chance to work.

Based on the discussion, Ms. Palmer suggested the following additions to the areas of agreement:

- Continued open communication between state and local government is needed to resolve issues of implementation.
- More general guidance and training on the review process is needed.
- A template for local government submission to the county council is needed.

Based on the discussion, Ms. Palmer suggested that within the discussion of areas of disagreement that “an alternate review body” be added as a sub-bullet to the issue regarding the appropriateness of the county council as the appropriate body for local property tax review.

The memberships accepted these changes by consent.

Ms. Poling made a motion to accept the draft findings with the amendments indicated. Ms. Paris seconded the motion. The commission approved the findings unanimously.

REVIEW FINDING ON 2006 HEA 1362

Ms. Palmer presented an updated set of findings on 2006 HEA 1362 (Attachment D). She also distributed a memo from the Chamber of Commerce of SW Indiana summarizing consolidation efforts there in Vanderburgh County and their recommendations regarding HEA 1362 (Attachment E). She had provided their recommendations verbally at a previous meeting.

Senator Boots suggested that #12 could be made clearer. Currently units can consolidate across county lines, except for townships.

Ms. Palmer indicated that she would rework the wording to be clearer.

MISCELLANEOUS

Mayor Fleck suggested that the Indiana University School of Public and Environmental Affairs should have/take a bigger role in increasing the qualifications and knowledge of local elected officials. He suggested that a certification program might be in order.

NEXT MEETING

Ms. Palmer indicated that the next meeting likely would be scheduled after the legislative session was over.

ADJOURNMENT

Representative Moses closed the meeting at approximately 11:30 A.M.

APPROVAL

These minutes were approved by a unanimous vote on June 24, 2009.