

# **Bond Case Briefs**

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## **TAX - INDIANA**

### **Union Tp., St. Joseph County v. State, Dept. of Local Government Finance**

**Tax Court of Indiana - November 12, 2015 - N.E.3d - 2015 WL 7010912**

In July of 2012, Union Township, together with the Union-Lakeville Fire Protection Territory, requested the Department of Local Government Finance's (DLGF) permission to impose an excess property tax levy. Their appeal documentation asserted that due to a \$40 million "error" in calculating Union Township's 2010 net assessed valuation, they each suffered a property tax revenue shortfall in 2011. More specifically, they explained that the error was the result of the DLGF certifying Union Township's 2011 budget based on a net assessed valuation of \$159,424,430, but St. Joseph County subsequently issuing the tax bills using a lower net assessed valuation of \$119,968,732. Union Township and the Union-Lakeville Fire Protection Territory therefore requested the DLGF to increase the current net assessed valuation by at least \$40,000,000 and allow a levy for 2012 payable 2013 sufficient to make up for the cumulative effect of that error.

On October 16, 2012, Union Township submitted a second request for the DLGF's permission to impose an excess levy. This second appeal again identified the \$40 million error as the cause of a property tax revenue shortfall in 2011; it specifically sought a levy increase in the amount of \$51,929.

On December 7, 2012, the DLGF issued two final determinations that denied both excess levy appeals. On January 8, 2013, Union Township initiated an original tax appeal.

The Tax Court reversed the final determinations of the DLGF, remanding to the DLGF so that it may determine whether an error caused the \$40 million discrepancy between the net assessed valuation used to certify Union Township's 2011 budget and the net assessed valuation the St. Joseph County Auditor used in issuing the property tax bills related to that budget.

"DLGF has not answered 'the \$40 million question:' whether or not an "error" existed. Indeed, even assuming that 1) the St. Joseph County Auditor failed to timely certify Union Township's 2010 pay 2011 net assessed valuation and 2) the DLGF was therefore authorized to certify Union Township's 2011 budget using its 2009 pay 2010 net assessed valuation does not explain why the St. Joseph County Auditor subsequently issued the 2010 pay 2011 tax bills using a number that was \$40 million lower."

If an error did in fact occur, the DLGF shall order a correction to be applied to Union Township's levy limitations, rate, and levy for the ensuing calendar year to offset the cumulative effect that the error caused.