

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
iga.in.gov

**FISCAL IMPACT STATEMENT**

**LS 6116**  
**BILL NUMBER:** HB 1016

**NOTE PREPARED:** Apr 3, 2023  
**BILL AMENDED:** Apr 3, 2023

**SUBJECT:** Police and Fire Merit Systems.

**FIRST AUTHOR:** Rep. Pressel  
**FIRST SPONSOR:** Sen. Sandlin

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows a fire protection district or fire protection territory to establish a merit system. It requires a unit's legislative body or the governing board of a district or territory to hold a public meeting not later than October 31, 2023, to consider and vote on a resolution proposing to establish a merit system for certain eligible: (1) city and town police and fire departments and township fire departments; and (2) fire protection districts and fire protection territories. The bill provides that if a resolution is adopted and a majority of the active members of the department vote to approve the resolution, the merit system is established on January 1 following the vote.

The bill also provides that if the legislative body or governing board holds a public meeting and does not adopt a resolution approving the establishment of a merit system, the active members of the department may, not later than October 31, 2024, hold a meeting to vote on whether the members recommend the establishment of a merit system. It provides that if a majority of the active members vote to recommend the establishment of a merit system, the legislative body or governing board shall, after receiving notice of the vote, hold a public meeting not later than April 30, 2025, to consider whether to establish a merit system for each eligible department.

The bill specifies the manner by which a merit system established under these provisions may be amended or dissolved. It repeals a provision containing definitions and moves the definitions to another location. It also makes conforming amendments.

**Effective Date:** July 1, 2023.

**Explanation of State Expenditures:**

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary:* This bill could result in the establishment of fire and police merit systems by units that do not currently have them. At least 95 fire departments in Indiana meet the professional staffing and resident population requirements of the bill, of which at least 33 have already adopted a merit system. The number of police merit systems and eligible agencies is unknown at this time but is estimated to reflect similar trends. To the extent that merit systems are adopted, the creation and administration of these systems will impose initial and ongoing workload increases and, in some cases, will have direct monetary costs. These costs cannot be accurately estimated due to unknown rates of merit system adoption and wide variations in the structure and administration of fire and police merit systems.

*Additional Information:* A merit system creates a merit board that makes or advises on decisions regarding personnel hiring, promotion and discipline within a fire or police department. The merit board typically consists of elected or appointed members with experience in public administration and public safety, though current emergency services personnel are not usually eligible to serve. Board members may be compensated or may be volunteers, and the size and makeup of the board will vary.

### **Explanation of Local Revenues:**

#### **State Agencies Affected:**

**Local Agencies Affected:** Local units that employ at least twelve full-time firefighters or police officers, serve a resident population of at least 10,000 people, and have not yet adopted a fire or police merit system.

**Information Sources:** Tony Murray, Professional Firefighters Union of Indiana.

**Fiscal Analyst:** Alexander Raggio, 317-234-9485.