

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

LS 6995

BILL NUMBER: HB 1315

NOTE PREPARED: Feb 2, 2026

BILL AMENDED: Jan 29, 2026

SUBJECT: Township Reorganization.

FIRST AUTHOR: Rep. Shonkwiler

FIRST SPONSOR: Sen. Garten

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that on January 1, 2028, certain townships are dissolved and their powers, duties, offices, and property are transferred to a municipality or county. It requires a township to adopt a resolution not later than June 1, 2026, that designates the municipality or county (designated unit) that will reorganize with the township. The bill also requires the appointment of a joint board consisting of representatives of the township and the designated unit to prepare a plan of reorganization.

The bill provides that a township must reorganize with the county if:

- (1) the township does not adopt a resolution by June 1, 2026; or
- (2) the municipality that the township designated in its resolution does not adopt a reorganization plan by December 31, 2026.

This bill also provides that if: (1) the designated unit is a municipality; and (2) part of a township is located outside the municipality; the municipality must establish an urban township services district and a rural township services district. It requires the county fiscal body to approve the budget, tax rate, and tax levy imposed by the municipality within the boundaries of the rural township services district.

It also provides that a designated unit has all of the powers of the government modernization act in reorganizing the township. It amends the government modernization act to require a political subdivision to respond to a resolution that names the political subdivision as a participant in a proposed reorganization.

The bill also provides that a township that operates a fire department is not subject to dissolution. It provides that a township does not operate a fire department if the township is a participating unit (not a provider unit) in a fire protection territory (territory) or is within a fire protection district (district).

The bill provides that after a reorganization:

- (1) the area within the boundaries of the dissolved township remains in the territory or district; and
- (2) the designated unit succeeds the dissolved township in its role in the territory or district.

Effective Date: Upon passage.

Explanation of State Expenditures: *Township Reorganization:* State agencies will have one-time expenditures to oversee and assist the transfer of township duties and responsibilities to designated units.

Department of Local Government Finance (DLGF): The DLGF will be able to adjust maximum ad valorem property tax levies for the new designated units with existing resources and staff.

State Board of Accounts (SBOA): The SBOA may have somewhat reduced cost to prepare a statewide statistical report concerning local assistance in each county, rather than each township. However, the SBOA may have minimal additional costs to reconfigure forms for county use.

Election Division: This bill's provisions would require the Election Division to revise certain election publications to account for the removal of township office references. Revisions of publications are a routine administrative function of the Division and should be accomplished within their existing staffing and resource levels.

Explanation of State Revenues: *Court Fee Revenue:* This bill's provisions create an infraction for persons or organizations that have a contract with a political subdivision and provide goods or services to the subdivision to promote a position on the township reorganization. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class A infraction is \$10,000, which is deposited in the state General Fund. Fee revenue per case ranges from \$85.50 and \$103, depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Explanation of Local Expenditures: *Dissolution of Township Government:* The State Board of Accounts reports there are currently 1,000 townships in Indiana. According to the 2020 U.S. Census, 350 townships had fewer than 6,700 residents. However, roughly 300 of these townships with fewer than 6,700 residents allocated funds to township fire departments in 2024. With the bill's first set of criteria for reorganization, roughly 50 townships would qualify for reorganization. Under the bill's second set of criteria for reorganization, up to 650 townships which did not allocate funds to fire departments in 2024 could be eligible for reorganization to the extent that they fit the remaining provisions in the second set of criteria.

All personnel in qualifying townships holding the roles of township assessor, township clerk, township trustee, and township boards may be eliminated under the bill's provisions. If the reorganized designated unit can provide the township services at the same level and more efficiently, then cost savings would occur, as the cost of services would be distributed among a larger number of taxpayers. The cost of implementing the transfer of duties and establishing the reorganization plan will be one-time costs for the political subdivision to develop plans and appoint a joint board.

Elimination of Township Trustee and Board: Eliminated township trustee, clerk, and governing board salaries could be used to provide compensation for the additional responsibilities undertaken by the new designated units' officers. These eliminated salaries could also pay for administrative purposes depending on the decisions of the fiscal body which sets the budget and compensation for the county. If these salaries are not used in part or in whole, cost savings would occur.

Personnel Expenditures

- *Trustees:* Township trustees are responsible for administering local assistance, providing fire protection and emergency services, partitions, living fences, and detrimental plant

removal. Based on 2024 data of actual budgeted township estimates from Gateway, 407 townships spent roughly \$15.9 M combined on trustee personnel.

- *Township Boards:* Townships boards typically compose of three members aside from boards in Marion County which typically have five members. Based on 2024 data of actual budgeted township estimates from Gateway, 405 townships spent a combined \$3.8 M on township board personnel.
- *Township Assessors:* This bill's provisions would eliminate all township assessors and require the county trustee to assume the responsibilities of these positions. There are currently 13 township assessors in 9 counties in Indiana. Based on employee compensation data from Gateway, \$7.3 M in fiscal expenditures were approved for township assessors in 2024.
- *Township Employees:* Under the bill, the number of other employees, such as local assistance chief deputy, supervisors, investigators, or assistants, would be specified by the reorganization plan. The joint board will determine which township employees will transfer to the designated unit and become employees of the designated unit. Any decrease in the overall number of township employees would reduce the cost of providing township services. However, no data are available to estimate the change in the number of employees needed.

Local Assistance: Local assistance provides necessary and prompt relief, paying for utilities, housing, food, assistance, health care, emergency shelter, and funeral, burial, and cremation expenses. It also connects residents with assistance that is provided without expenditures of township funds or by other agencies. This bill's provisions would allow the joint board to decide what services the reorganized political subdivision will provide and the services areas where services will be offered. Currently, the township trustee proposes standards that are adopted by the township board.

The bill transfers the balance of the township's local assistance fund to the new designated unit and authorizes the unit to levy all taxes previously levied by the township. Based on the reported 2024 township assistance, disbursements totaled \$40.9 M across 406 townships in all 92 counties.

Township Services District Levy: The bill provides that the tax levied shall be sufficient for the designated unit to provide township services including amounts necessary to continue payment of debt service or obligation incurred by the township before January 1, 2028.

Equipment Replacement Fund for Fire Protection Territories: The bill establishes that the fiscal body of a new designated unit may establish an equipment replacement fund and impose a property tax for the fund if the participating municipality and at least one township are part of the same fire protection territory. This provision would have no fiscal impact on the new designated authority since the bill's provisions do not apply to townships that have a fire department.

A fire protection territory is a geographic area that may include any combination of municipalities and townships. One unit is the provider unit and administers the fire protection territory, although a tax levy applies throughout the area. Under this bill, a township that is a provider unit for a fire protection territory would not be eligible for reorganization.

Explanation of Local Revenues: *Court Fee Revenue:* This bill's provisions create an infraction for persons or organizations that have a contract with a political subdivision and provide goods or services to the subdivision to promote a position on the township reorganization. If additional court actions result in a guilty

verdict, certain local units will collect more revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Property Taxes: The bill authorizes the new designated unit to impose any tax levy or adopt any tax that the township was authorized to impose or adopt before January 1, 2028. The levies will affect property taxes payable beginning in 2029. Since the property tax levy authority is being transferred from townships to the new designated unit, the levies should remain the same and there should be no fiscal impact for this provision.

Fund Balances: The balances in any township fund will be transferred to the same type of fund in the new designated unit. If the new designated unit does not have the same fund as the township, then the balance will be moved to a fund that most closely corresponds to the fund of the township.

Indebtedness: Township indebtedness will be paid by the taxpayers that were responsible for payment before the abolishment of the townships under the bill.

State Agencies Affected: DLGF, SBOA, Election Division.

Local Agencies Affected: Townships, Trial courts, city and town courts, county election boards, county auditors, county fiscal bodies, county recorders, county auditors, county assessors, trial courts, local law enforcement agencies, political subdivisions.

Information Sources: LSA property tax database, Indiana Supreme Court, Indiana Trial Court Fee Manual, Township Assessors (2025): <https://www.in.gov/dlgf/contact-your-local-officials/>, Township employees compensation and other township expenditures (2024):

https://gateway.ifionline.org/report_builder/Default2.aspx?rptType=employComp&rptVer=a, Gateway Annual Financial Reports Township Assistance (TA-7), 2025, <https://gateway.ifionline.org/public/download.aspx>, U.S. Census Bureau Population Division (May 2023), <https://www2.census.gov/programs-surveys/popest/technical-documentation/file-layouts/2020-2022/SUB-EST2022.pdf>, Number of Townships: Jennifer E. Gauger Chief of Staff at State Board of Accounts.

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