

Fix Local Government

Hoosier taxpayers complain – with very good reason – about the complexity of the property tax. There are too many layers of government – over 2,700 with property taxing authority – too many elected offices – Hoosiers elect over 10,700 officials – and the appeal process is frightening, confusing, and intimidating.ⁱ

Indiana Among States of Similar Size Ranked by Number of Local Governments							
State	Total	State	Sub-county	State	Townships	State	Municipalities
Minnesota	3,482	Minnesota	2,647	Minnesota	1,793	Missouri	946
Missouri	3,422	Wisconsin	1,850	Wisconsin	1,265	Minnesota	854
Indiana	3,085	Indiana	1,575	Indiana	1,008	Wisconsin	585
Wisconsin	3,048	Missouri	1,258	Missouri	312	Indiana	567
Colorado	1,928	Massachusetts	351	Massachusetts	306	Tennessee	349
Washington	1,787	Tennessee	349	Tennessee	0	Washington	279
Tennessee	930	Washington	279	Colorado	0	Colorado	270
Massachusetts	841	Colorado	270	Virginia	0	Virginia	229
Arizona	638	Virginia	229	Washington	0	Maryland	157
Virginia	521	Maryland	157	Maryland	0	Arizona	87
Maryland	265	Arizona	87	Arizona	0	Massachusetts	45

In Indiana, local government exists only at the behest of the State Constitution and Statute. The Constitution creates the following County Officers, who shall be elected: Clerk of the Circuit Court, Auditor, Recorder, Treasurer, Sheriff, Coroner, and Surveyor.¹

The Constitution also provides for the General Assembly to prescribe by law “such other county and township officers as may be necessary.” The other offices include the County Councils, Commissioners, and Assessors and Township Trustees, Assessors, and Boards. Municipalities are also created by the State and elected offices in cities and towns include mayors, city councils, and clerks. In addition, the General Assembly over the years has created a groaning (no, that is not a typo) number of “special” governmental districts that provide services to municipalities, counties, or multi-county regions.

The impact, since 1851, of the Constitution and the nearly 1,500 pages of statute in Title 36: Local Government – not to mention the statutes applicable to local governments in other Titles – is a very large number of locally elected officials, local governmental units, boards, authorities, districts, and other structures, the vast majority of which are able to levy property taxes.

The Indiana Chamber of Commerce, in its “Project for Efficient Local Government, asserted five foundational principles that should guide local government structure and practice.ⁱⁱ They are

- a. *Local Government structure should reflect clear lines of accountability*
- b. *Those who benefit from public services should bear the costs of those services*

- c. Neighboring units of government should work with one another to achieve economies of scale*
- d. Fiscal responsibility in local government should be encouraged and rewarded*
- e. Elected offices requiring specific skills should be held by individuals possessing the training and qualifications necessary to carry out the functions of those offices*

With so much complexity and so many separately elected offices, it is no wonder that current local government structure in Indiana has many redundancies and suffers from significant incompetence of elected officials. In some counties, there are multiple 911 emergency call centers; in at least one county, two separate call centers are separated by only a pane of glass.

Townships, counties, and municipalities all have the authority to maintain parks and other green spaces. Municipal police departments and county sheriff's offices both provide police protection, with their jurisdictions defined by arbitrary boundaries. Fire protection may be provided by a township or a municipality, again, with arbitrary boundaries limiting effectiveness.

In recent years, examples of incompetency by elected officials has been all too common. Coroners have been at issue in Delaware and Marion counties, the Auditor in Monroe county generated blistering complaints from many fronts, a township trustee has found himself facing criminal charges, and the IFPI study documented the incompetence of many township assessing officials.

Yet, there are examples of consolidated local government that is working. The success of Unigov in Indianapolis and Marion County has been clearly documented and Mayor Peterson's push to complete it should be supported. Louisville and Jefferson County, Kentucky have streamlined local government service provision and now provide much more effective service, with the costs to taxpayers dependent upon what services they receive.

Why all of these problems? First, there are no professional qualifications required for most of our locally elected positions, yet these offices perform vital financial, legal, and other professional services. Second, since these officials are elected, they answer to no one and have the ability to make independent decisions that affect (by most often increasing) local government budgets and taxes.

The impact of myriad independent decisions by locally elected officials are felt primarily through the property tax, with little information available to allow the ordinary taxpayer to determine which of those decisions have had what share of the total impact.

Finally, the overlapping and redundant functions mentioned above lead to confusion and contribute to inefficiency and ineffectiveness. Geographical boundaries were originally drawn by the State Constitution ratified in 1851, when both the expectations and capabilities of local government were very different from today.

HEA 1362, in the 2006 Session of the General Assembly, created a structure and process that can be used by local governments to consolidate and restructure to become more efficient and

effective. Local governments may initiate the consolidation process through their legislative bodies (such as city or county councils) or by petition signed by 5% of the voters in the reorganizing governmental units. Once governments agree to consolidate, the proposal is put to the voters in an election.

This mechanism will not, by itself, result in the most effective restructuring and consolidation of local governments in Indiana. But it can, and should, be used in those places where there is the political and public will to effect these important changes.

The state must do more to simplify local government structure, but it must also improve the transparency of local government and the actions that are funded by the property tax. Budget and spending information should be available on line in a user friendly, easily understood format. Budget hearings and other meetings that will impact the property tax payer and other citizens should be widely accessible – via the internet. Streaming video technology combined with open and accessible meetings will give taxpayers access to government decision making.

ⁱ Note: Much of the material in this policy memorandum was taken, with permission, from the Indiana Fiscal Policy Institute's *Information Brief 2007:2, How Much Government Do We Have in Indiana?*. The IAR thanks the IFPI for its generosity.

ⁱⁱ "The Project for Efficient Local Government," Indiana Chamber of Commerce, February 2004.