



Fire Protection Territories

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What is a fire territory?



Type of fire service consolidation permitted by Indiana Law.

Established by two (2) or more taxing units that share boundaries (townships/municipalities/fire districts)

Provides additional funding for fire services.

Fire Territories and Districts



- Fire territories and fire districts are not the same
- They are governed by different statutes:
 - Fire Protection District
 - IC 36-8-11 (enacted in 1981)
 - Fire Protection Territory
 - IC 36-8-19 (enacted in 1994)
- As of the end of 2023, there were 75 fire districts and 67 fire territories in the State.

Comparison

	Fire territory	Fire district
Established by	2 or more taxing units	County commissioners
Fire Board of Trustees (executive board)	Required	Required
Capital fund	Yes - \$.0333 max	Yes - \$.0333 max
Unit Withdrawal	Allowed if 2 units remain	Not allowed
Budget approval	Fiscal body of “provider unit”	County council
Deadline to establish	March 31	January 1

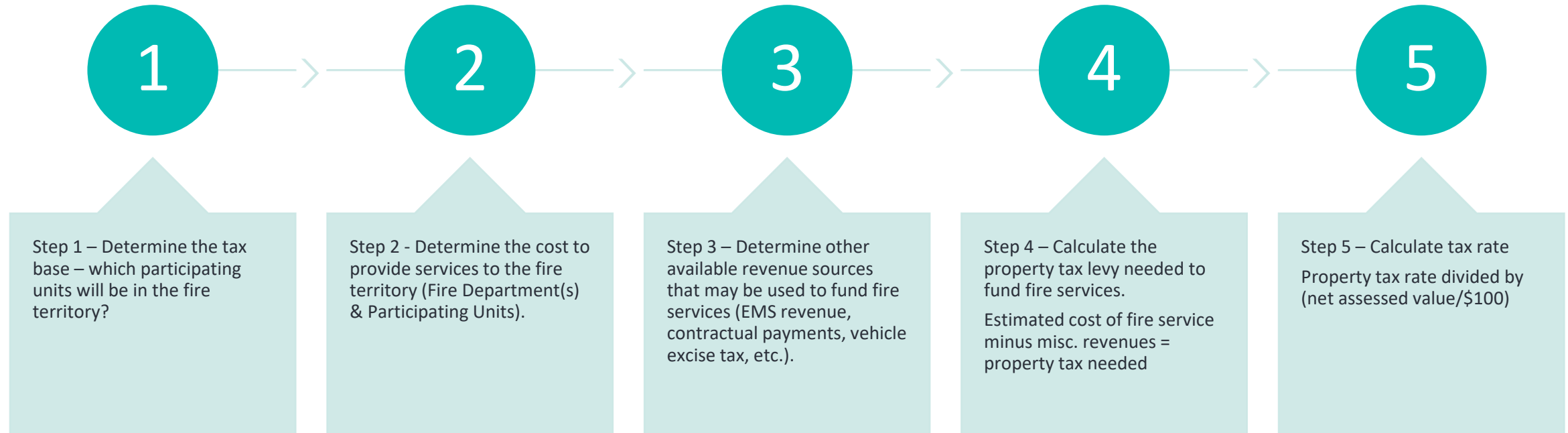


Why are fire territories established?

- Provide new funding source for fire protection in communities that have limited or declining resources
- Spread the cost of fire services over a larger tax base
- Improve response times due to efficiency and the elimination of political response boundaries
- Improve firefighter safety by providing resources for daily minimum staffing



How is the property tax levy and rate determined for the fire territory?



Fire territory property tax

- May be phased-in over a period not to exceed 5 years
- May be levied at:
 - A uniform rate upon all taxable property within the territory; or
 - Different rates for the participating units so long as the tax rate is applied uniformly to all taxable property within the fire territory



Provider unit

- One unit designated the “Provider Unit”
- The provider unit is responsible for:
 - Providing fire protection service within the territory
 - Adopting the fire budget
- Provider unit may be changed between Jan. 2 and March 31 (*effective Jan. 1 the following year*)
- A fire territory is a component of the provider unit – it is not a separate legal entity



Operating fund

- Accounts for normal recurring operating costs:
 - Salaries and benefits
 - Supplies
 - Contractual agreements
 - Other (fuel, maintenance, utilities, liability insurance, etc.)
- Initial property tax levy based upon funding necessary to cover operational costs
- Levy is subject to the annual statewide levy growth factor in the 2nd year and beyond (option to phase-in property tax levy over 5 years)
- Fire levies of participating units eliminated (based on levies used to fund fire services in year prior to Fire Territory)

Equipment replacement fund



May be used for the purchase of fire protection equipment, apparatus, and housing

Maximum tax rate of \$.0333 per \$100 of assessed value

Allowed to accumulate money for future purchases

Annual transfers from operating fund allowed up to 5% of operating fund levy

Preexisting indebtedness

- Fire debt incurred prior to the establishment of the Fire Territory shall continue to be funded by levies within the boundaries of the unit that originally issued the debt until fully repaid.



Fire territory executive board



Required by Indiana Law



Includes at least one voting member who resides within and represents each participating unit



Appointments made by mutual agreement of participating units



Administrative, budget, or fiscal responsibilities may be delegated to the Executive Board; however, the Participating Unit's fiscal body has final approval on budgetary and fiscal matters.

Transfer of money from participating units



A participating unit may transfer money to:

- Fire Territory operating fund
- Fire Territory equipment replacement fund
- Both funds

Approval required from legislative body

How are fire territories established?



At least three (3) public hearings and one (1) adoption meeting is required (specific timing requirements – after Jan. 1st and no later than March 31)

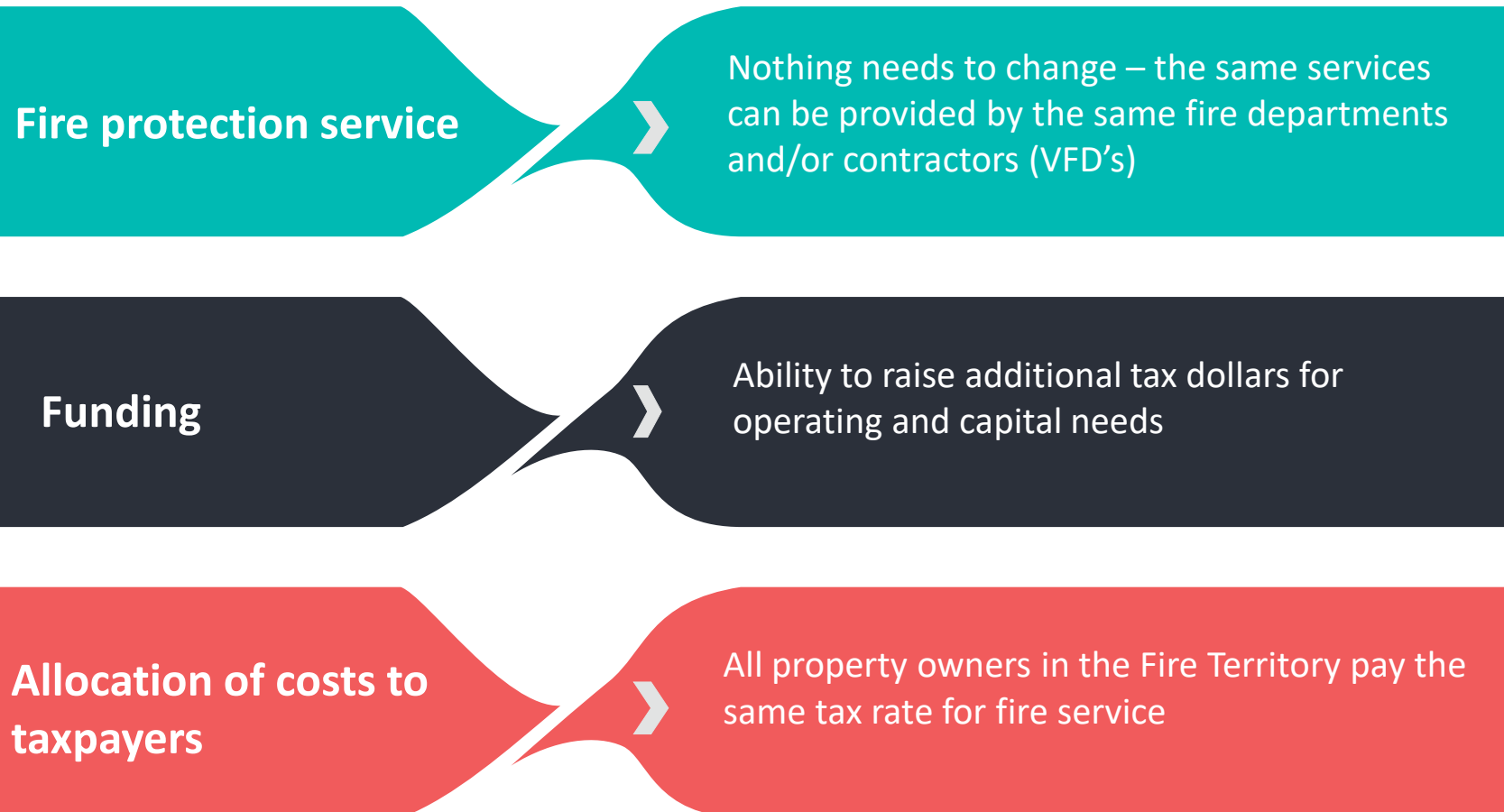
The legislative bodies of all participating units must vote to approve the establishment of the fire territory

Submission to Department of Local Government Finance (DLGF) to get permission to levy taxes in the first year

Public hearings and adoption

- Joint meetings are recommended
- 1st public hearing at least 30 days before the participating units vote to adopt the fire territory
- Adoption held at least 10 days after the 3rd public hearing
- Presentations by:
 - **Legislative bodies (participating units)** – Why is a fire territory needed?
 - **Fire department**
 - Planned services, staffing levels and major capital outlays
 - **Financial advisor**
 - Budget, rate and levy for fire territory
 - Taxpayer impact
 - Financial impact on overlapping taxing units including revenues and circuit breakers

What will change if a Fire Territory is established?



Considerations – not all-inclusive



What is the service area?

Who are the participating units? (townships/municipalities/fire districts)

Who will be the Provider Unit? (adopts the budget, collects revenues, pays expenses)

What is the estimated expense budget for the fire territory?

What is the plan for staffing and capital outlays?

Will contractual relationships continue?

What happens to remaining fund balances in existing fire funds? (fire, cumulative fire, EMS)

What happens if the fire territory dissolves? (disposition of assets)

Next steps

- **Determine potential participants**
 - Taxing units with contiguous boundaries
- **Begin discussions**
 - Why are you considering a fire territory?
 - Lack of volunteers
 - Need for 24-hour on-station coverage
 - Improve response times
 - Run volume is increasing
 - Rapid growth (population/development)
 - Need full-time staff
 - Ambulance service
 - Increase salaries
 - Increase number of personnel



Next steps (cont'd)

- Involve professionals
 - **Attorney**
 - Legal notices
 - Ordinances/resolutions
 - Interlocal agreement
 - Answer legal questions
 - Monitor process to completion
 - **Financial Advisor**
 - Preparation of financial impact analysis as required by statute
 - Present financial analysis including taxpayer impact at public hearings
 - Submit packet to DLGF for approval of property tax levy
 - Monitor process to completion



FIRE TERRITORIES

Questions?





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