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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO: All Political Subdivisions**

**FROM: Wesley R. Bennett, Commissioner**

**DATE: March 20, 2020**

**RE: Executive Order on the Waiver of Penalties for Delinquent Property Tax Payments**

Governor Eric Holcomb issued Executive Order #20-005 (“E.O. #20-005”) on March 19, 2020. E.O. #20-005 Section 6(B) mandates that all counties waive penalties for delinquent non-escrow property taxes paid within sixty (60) days after May 11, 2020—the May installment due date. Additionally, E.O. #20-005 Section 13(C) directs the state to work with counties that experience cash flow problems because of the waived penalties. The Department of Local Government Finance (“Department”) issues this memorandum to discuss these directives in E.O. #20-005.

## **Waiver of Penalties for Late Property Tax Payments**

E.O. #20-005 states as follows in Section 6, Paragraph B:

“Property taxes remain due on May 11, 2020, however counties are to waive penalties on payments made after May 11, 2020, for a period of 60 days. This waiver does not apply to tax payments which have been escrowed by financial institutions on behalf of property taxpayers.”

Hence, each county shall waive any penalties for any property taxes paid within sixty (60) days after the statutory deadline; therefore, the spring installment may be paid up to and including **July 10, 2020** without penalty. However, taxpayers are encouraged to make timely payments (that is, on or before May 11, 2020) in order to ensure orderly operations of government.

Please note that this will not apply to property tax payments made through an escrow account or mortgage company. This waiver applies to property tax liabilities for both real and personal property.

## **Personal Property Tax Returns**

The deadline under IC 6-1.1-3-7 to file personal property returns for the 2020-Pay-2021 tax cycle will remain May 15. However, a taxpayer may on or before May 15 request a thirty (30) day extension under IC 6-1.1-3-7(b). The assessor is encouraged to inform the taxpayers of this extension right and grant this extension to give the taxpayer until **June 14, 2020**, to make a timely filing.

## **Assistance with Cash Flow**

Below are some of the available options to address local unit cash flow issues realized as a result of late tax payments:

- (1) The Indiana Bond Bank offers an Advanced Funding Program designed to assist local units with cash flow. Information can be found on the Indiana Bond Bank website: <https://inbondbank.com/advance-funding-program/>.
- (2) Advances from the county treasurer for up to 95% of the amount to be received in the next settlement period, under IC 5-13-6-3.
  - a. The proper officer of a unit may file a written request for an advance with the county treasurer.
  - b. Within thirty (30) days of receiving the written request, the county treasurer shall provide to the county auditor the amount available for distribution in the upcoming settlement period.
  - c. The county auditor must advance to the unit making the request a portion of the settlement amount. The advance may not be more than 95% of the amount collected at the time of the advance or 95% of the settlement amount to be distributed to the unit, whichever is lesser.
  - d. The county auditor must draw a warrant
- (3) Tax anticipation warrants or temporary loans, such as under IC 36-2-6, IC 36-3-4, and IC 36-6-6.
- (4) Temporary loans from private financial institutions.

For property tax payments made after the June settlement date, local units can realize receipt of revenue in the December settlement. Therefore, it is important for units to evaluate their immediate needs and whether any of the options described above should be pursued.

## **Additional Information**

Counties are still required to mail tax bills in a timely manner. Pursuant to IC 6-1.1-22-8.1(c), the last day for county treasurers to mail the 2019-Pay-2020 tax bills is April 15, 2020. If a county believes the above deadline cannot be met, please inform the Department as soon as possible. The Department will assist to the best of its ability to help ensure that this deadline can be met or provide guidance on what actions the county should take.

While the Department is aware that some county offices have been closed during the public health emergency, counties must still work to ensure that the various reporting deadlines over the next sixty (60) days are met.