

## County Economic Development Income Tax (CEDIT)

### 6-3.5-7

#### Source Data

In order to calculate the basis of the distributions, the Department must use certain data from past years. The following data were taken from the prior year budget order and distribution reports (using LOGODABA) for each county: County codes and names, unit type codes, unit codes and names, certified levies, welfare levies picked up by the state (from 1999 and 2008).

The Certified Distributions by county were taken from the Certified Distribution report issued by the State Budget Agency.

Other source data used for more specific calculations will be identified within the discussion of that calculation.

#### Calculation of the Fractional Certified Distribution Numerator (IC 6-3.5-7-12(b) and (c))

The Numerator has previously been called the “Adjusted Abstract Levy” or “Population” on distribution reports.

The numerator of the fraction that is used to determine a unit’s certified share is equal to the previous year certified levy, plus the welfare allocation amount, if a county has adopted the distribution calculation under subsection (b). The numerator is equal to the unit’s population (or for a county, the unincorporated population of the county) if a county has adopted the distribution calculation under subsection (c).

The levy used for the calculation is the certified levy, not the abstract levy, because the abstract levy reflects the circuit breaker credits issued under IC 6-1.1-20.6. IC 6-1.1-20.6-12 states that LOIT distributions “shall be based on the taxing unit's property tax levy as calculated before any reduction due to credits provided to taxpayers under this chapter.” Therefore, the certified levy was used for the purpose of this calculation because it is the levy before any reductions from circuit breaker credits.

The welfare allocation amount is equal to the taxes imposed in 1999 for the county welfare fund and the welfare administration fund plus the taxes imposed in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund and children with special health care needs county fund. This amount is calculated for the county unit only; all other units’ welfare allocation amount is zero.

Therefore, the Department used the following formula to calculate the basic numerator of the fraction used to calculate certified shares:

*Numerator = IF unit type=township OR school OR special district, THEN 0*

*Else IF county adopted under (c), unit population amount*

*Else                    2010 certified levy + welfare allocation amount*

The calculation of the allocation amount is subject to a number of conditions and adjustments:

- IC 6-3.5-7-12(b) states that only counties, cities, and towns are entitled to a distribution from CEDIT revenues.  
*The Numerator calculation was therefore set to zero for all townships, school corporations, libraries, and special districts.*
- IC 6-3.5-7-12(b) states that the allocation amount is subject to an adjustment for fire territories which is described in IC 36-8-19-7.5. IC 36-8-19-7.5 states that for the purpose of distributing CAGIT, COIT, CEDIT, and excise tax, a unit that participates in a fire territory is considered to have imposed part of the property tax levy for the territory. The portion of the levy that the unit is considered to have imposed is equal to the fire territory levy multiplied by the unit's fire levy in the year before formation of the territory divided by the sum of all participating units' fire levies in the year before formation of the territory. ([2010 fire territory levy \* (20xx unit fire levy / sum of 20xx unit fire levies)], where xx represents the year before the effective year of the fire territory.) This is implemented as an adjustment to the calculated allocation amount. The adjustment for a participant unit is the amount calculated by the preceding formula. The adjustment for a provider unit is the negative sum of all the participant units' adjustments.  
*The Numerator calculation was therefore amended to add the calculated fire territory adjustment amount.*

The resulting, final formula for the allocation amount is:

*Numerator = IF unit type=township OR school OR special district, THEN 0*

*Else                    IF county adopted under (c), unit population amount*

*Else                    2010 certified levy + welfare allocation amount + fire territory adjustment*

### **Calculation of the Fractional Certified Distribution Denominator (IC 6-3.5-7-12(b) and (c))**

The denominator of the fraction that is used to determine a unit's certified share is equal to the sum of the numerators of all units within the county.

### **Apportionment of the Certified Distribution**

**(Hancock County Library Property Tax Replacement Credits and Porter County Northwest Indiana Regional Development Authority)**

For all counties except Hancock and Porter, 100% of the Certified Distribution (excluding the distribution for Homestead Credits under IC 6-3.5-7-25) is used for certified shares. Therefore, the amount for certified shares is equal to the Certified Distribution.

IC 6-3.5-7-23 authorizes a county council in Hancock County to devote a portion of its CEDIT rate, up to a rate of 0.15%, to property tax replacement credits for libraries in Hancock County. Therefore, the Department calculates the portion of the Hancock County Certified Distribution will be used for Library PTRC and the portion that will be used for certified shares. For 2011, the county council adopted an ordinance devoting a rate of 0.1% to Library PTRC and no rate to certified shares. Therefore, the amount available for certified shares in Hancock County was set equal to zero.

IC 6-3.5-7-28 authorizes a county council in Porter County to devote a portion of its CEDIT rate, up to a rate of .05%, to the Northwest Indiana Regional Development Authority. Porter County has adopted a total rate of 0.5%. Of that rate, 0.25% of the rate is used for certified shares, \$3,500,000 is used for the NWI-RDA, and the remainder is used for homestead credits. Therefore, the amount for certified shares for Porter County is equal to half of the Certified Distribution.

#### **Calculation of the Unit Certified Shares**

IC 6-3.5-7-12(b) and (c) give the formulas for calculating each unit's distribution for certified shares. This is equal to the Amount for Certified Shares (the Certified Distribution for all counties except Hancock, and zero for Hancock County) multiplied by the Numerator divided by the Denominator.

$$\text{Unit's Distributive Share} = \text{Amount for Distributive Shares} * (\text{Numerator} / \text{Denominator})$$