STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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Certification of Local Option Income Tax – Budget Year 2011
Carroll County

New Legislation Update: HEA 1086-2010 extends the deadline by which a county may adopt a Local Option Income Tax (LOIT). An ordinance to adopt any of the LOIT options described below may be adopted anytime **before November 1, 2010.** For further information, please visit this link: http://www.in.gov/dlgf/files/100416_-_Bailey_Memo_-_HEA_1086_Guidance_-_Changes_to_Local_Option_Income_Tax.pdf

Operating (Levy Freeze) LOIT:
The Operating (Levy Freeze) LOIT effectively freezes the maximum property tax levies for an adopting county's civil units of government and replaces the annual maximum levy growth with income tax (LOIT) proceeds. This rate is capped at 1% and is annually recertified for each county by the Department of Local Government Finance ("DLGF").

Please Note: Indiana Code 6-3.5.5-1.1-24, subsection (h) dictates that once adopted, a rate for Operating (Levy Freeze) LOIT is permanent: "[...] a county council may not decrease or rescind a tax rate imposed under this chapter". Also, once a rate is adopted for the Operating (Levy Freeze) LOIT, property tax maximum permissible levies are frozen as of the year of adoption and cannot grow annually as they normally would.

Indiana Code 6-3.5-1.1-24 requires the DLGF and the State Budget Agency to certify the rate that must be imposed in a county to raise tax revenues as specified. Therefore, the DLGF and the State Budget Agency certify the following rates for Carroll County:

2011 Total Certified LOIT Rate:	**0.2832%**
2011 Rate for Levy Freeze:	**0.2832%**
2011 Rate for Property Tax Relief*:	**0%**

*This rate is continued from 2009 and is in addition to any rate adopted by Carroll County under IC 6-3.5-1.1-26. Under IC 6-3.5-1.5-1, subsection (d), unless a new ordinance is passed to the contrary: "Notwithstanding IC 6-3.5-1.1-24 (h), and IC 6-3.5-6.30 (h), if a county has adopted an income tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before January 1, 2009, to reduce levy growth in the county family and children's fund property tax levy and the children's psychiatric residential treatment services property tax levy shall instead be used for property tax relief in the same manner that a tax rate under IC 6-3.5-1.1-26 pr OC 6-3.5-6-30' is used for property tax relief." Please contact Karen Large at klarge@dlgf.in.gov with any questions about this provision.

Dated this 4th day of August, 2010

Brian E. Bailey

Brian E. Bailey, Commissioner
Department of Local Government Finance

Other LOIT Options

Property Tax Relief LOIT
Indiana Code 6-3.5-1.1-26 allows a county to adopt an additional CAGIT to:

1. Provide local property tax replacement credits to all property;
2. Provide or increase the homestead credit percentage uniformly; or
3. Provide local property tax replacement credits to qualified residential property.

This additional CAGIT can be raised in increments of 0.05% up to a maximum of 1.00%.

Public Safety LOIT
Indiana Code 6-3.5-1.1-25 allows a county to adopt an additional CAGIT for Public Safety. To adopt this additional CAGIT, a county must have adopted a 0.25% rate for the additional CAGIT for Operating (Levy Freeze), the CAGIT for Property Tax Relief, or a combination of both. The Public Safety CAGIT rate can be adopted up to a maximum of 0.25%.

#The DLGF believes this code cite is in error and should actually refer to IC 6-3.5-6-32.