

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 232-8779

## *Certification of Local Option Income Tax – Budget Year 2010 Marion County*

**New Legislation Update:** HEA 1001-2009 [ss], Section 482, 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, 2009**. For further information, the entire text of the law can be found at <http://www.in.gov/legislative/bills/1092/HE/HE1001.1.html>

### **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.

**Please Note:** Indiana Code 6-3.5-6-30, subsection (h) dictates that once adopted, a rate for Operating (Levy Freeze) LOIT is permanent: "[...] a county income tax 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 6-3.5-6-30 requires the Department of Local Government Finance and the Department of Revenue to certify the rate that must be imposed in a county to raise tax revenues as specified. Therefore, the Department of Local Government Finance and the Department of Revenue certify the following rates for Marion County:

<b>2010 Total Certified LOIT Rate:</b>	<b>0.32000%</b>
<b>2010 Rate for Levy Freeze:</b>	<b>0.31140%</b>
<b>2010 Rate for Property Tax Relief*:</b>	<b>0.00860%</b>

\*This rate is continued from 2009 and is in addition to any rate adopted by Marion County under IC 6-3.5-6-32. 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 or IC 6-3.5-6-30 is used for property tax relief." Please contact Karen Large at [klarge@dlgf.in.gov](mailto:klarge@dlgf.in.gov) with any questions about this provision.

Dated this 15<sup>th</sup> day of July, 2009.

**Timothy J. Rushenberg, Commissioner  
Department of Local Government Finance**

### **Other LOIT Options**

#### **Property Tax Relief LOIT**

Indiana Code 6-3.5-6-32 allows a county to adopt an additional COIT 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 COIT can be raised in increments of 0.05% up to a maximum of 1.00%.

#### **Public Safety LOIT**

Indiana Code 6-3.5-6-31 allows a county to adopt an additional COIT for Public Safety. To adopt this additional COIT, a county must have adopted a 0.25% rate for the additional COIT for Operating (Levy Freeze), the COIT for Property Tax Relief, or a combination of both. The Public Safety COIT 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.