



Local Income Tax

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Commissioner

October 6, 2016



Now Until October 31, 2016

- The adopting body can adopt a resolution or ordinance to add, modify, or rescind a local income tax rate.
 - Adopting body
 - County council – former CAGIT counties
 - Local income tax council – former COIT counties
 - Local income tax rate
 - Property Tax Relief Rate
 - Expenditure Rate
 - Special Purpose Rate



Now Until October 31, 2016

- To make any modifications to the existing LIT rates, the adopting body must utilize the templates provided by the Department on August 11, 2016.
 - <http://in.gov/dlgf/2444.htm>
 - Public hearing notice template
 - Resolution/ordinance templates for a variety of changes



Now Until October 31, 2016

- The adopting body may request that the Department review the proposed notices and resolutions/ordinances prior to proceeding with them.
- A properly-noticed public hearing must be held prior to taking action on a proposed resolution/ordinance.
- Within 10 days of adoption of a LIT rate change, the county auditor must upload the resolution/ordinance on Gateway in order to submit the LIT rate change to the State.



Now Until October 31, 2016

- Property Tax Relief Rate
 - For tax credits payable in 2017, the adopting body cannot directly modify the allocation of the credits among property taxpayer type.
 - 1% Taxpayers
 - 2% Taxpayers
 - 3% Taxpayers
 - Residential
 - Rental
 - Taxpayers that would have qualified for the homestead deduction if they had filed.



Now Until October 31, 2016

- Property Tax Relief Rate
 - An adopting body could increase or decrease the property tax relief rate and specify in the resolution/ordinance which credit category should be impacted by the change in rate.
 - It is not possible to do a decrease of one credit category and an increase of another credit category to arrive at the same rate.
 - Applicable from July 1 to October 31.



Now Until October 31, 2016

- Effective date of Property Tax Relief rate changes:
 - Adopted between January 1 and August 31, 2016
 - Tax is effective October 1, 2016, meaning this is the date on which payroll withholdings for the tax would start.
 - The LIT rate change will impact credits provided in Pay 2017.
 - Adopted between September 1 and October 31, 2016
 - Tax is effective January 1, 2017.
 - The LIT rate change will impact credits provided in Pay 2017.



Now Until October 31, 2016

- Expenditure Rate
 - For distributions in 2017, the adopting body cannot directly modify the allocation of the expenditure rate revenue among the following uses:
 - Certified Shares
 - Public Safety
 - Economic Development



Now Until October 31, 2016

- Expenditure Rate
 - An adopting body could increase or decrease the expenditure rate and specify in the resolution/ordinance which use should be impacted by the change in rate.
 - It is not possible to do a decrease of one use type and an increase of another use type to arrive at the same rate.
 - Applicable from July 1 to October 31.



Now Until October 31, 2016

- Effective date of Expenditure rate changes:
 - Adopted between January 1 and August 31, 2016
 - Tax is effective October 1, 2016.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.
 - Adopted between September 1 and October 31, 2016
 - Tax is effective January 1, 2017.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.



Now Until October 31, 2016

- Special Purpose Rate
 - If authorized by the General Assembly, the adopting body can add, modify, or rescind the special purpose tax rate allowed in the county.



Now Until October 31, 2016

- Effective date of Special Purpose rate changes:
 - Adopted between January 1 and August 31, 2016.
 - Tax is effective October 1, 2016.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.
 - Adopted between September 1 and October 31, 2016.
 - Tax is effective January 1, 2017.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.



November – December 2016

- It is possible to make rate changes in November and December, though the effective date (start of payroll withholding) of the rate change would be October 1, 2017.
 - Property Tax Relief rate changes would impact credits provided in 2018.
 - Expenditure rate changes would impact distributions of revenue in 2018.
 - Special Purpose rate changes would impact distributions of revenue in 2018.



January – June 2017

- The adopting body can modify the allocations of revenue associated with the Property Tax Relief rate and/or the Expenditure rate.
- Modifications of allocations do not change the rate imposed for Property Tax Relief or Expenditure. Instead, it changes the use of the revenue generated by the existing rates.
- Modifications in the allocations will first become effective in 2018.



January – June 2017

- Property Tax Relief rate allocations:
 - Modifications of the allocations will adjust which credit categories would receive a property tax relief credit in Pay 2018.
- Expenditure rate allocations:
 - Modifications of the allocations would adjust which use type would receive revenue in Pay 2018.



January – October 2017

- The adopting body can adopt a resolution or ordinance to add, modify, or rescind a local income tax rate.
- This process would be similar to the process discussed earlier in the “Now Until October 31, 2016” section.



Property Tax Relief Rate

Date of Adoption of Rate Change	Effective Date of Rate Change (Payroll Withholding)	Change in Property Tax Credits Provided
January 1, 2017 – August 31, 2017	October 1, 2017	Pay 2018
September 1, 2017 – October 31, 2017	January 1, 2018	Pay 2018
November 1, 2017 – December 31, 2017	October 1, 2018	Pay 2019

Date of Modification of Allocation Among Credit Categories	Change in Property Tax Credits Provided
January 1, 2017 – June 30, 2017	Pay 2018



Expenditure Rate

Date of Adoption of Rate Change	Effective Date of Rate Change (Payroll Withholding)	Change in Distribution of Revenue
January 1, 2017 – August 31, 2017	October 1, 2017	Pay 2018
September 1, 2017 – October 31, 2017	January 1, 2018	Pay 2018
November 1, 2017 – December 31, 2017	October 1, 2018	Pay 2019

Date of Modification of Allocation Among Credit Categories	Change in Distribution of Revenue
January 1, 2017 – June 30, 2017	Pay 2018



Special Purpose Rate

Date of Adoption of Rate Change	Effective Date of Rate Change (Payroll Withholding)	Change in Distribution of Revenue
January 1, 2017 – August 31, 2017	October 1, 2017	Pay 2018
September 1, 2017 – October 31, 2017	January 1, 2018	Pay 2018
November 1, 2017 – December 31, 2017	October 1, 2018	Pay 2019



Contact the Department

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