

LOIT to LIT Presentation 2016-10-06

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Overview

LOIT information appeared on almost every Settlement and Abstract document distributed and collected by AOS. During CY 2017, each of these documents will need to be updated.

As the year goes on, AOS will be releasing new instructions, templates, and formats to accommodate these changes.

This presentation will focus on the period between January 1 and April 15th. At the Spring Conference, we will be presenting on the impact of the new LIT structure on the June and December Settlement.

Although there will be many similarities between the last year's forms and general review procedure, it will be important that each county confirms that they are using the newest forms and instructions throughout the year.

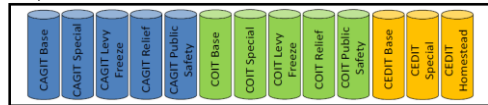
Overview

The LOIT to LIT transition will impact three areas within the Settlement Department.

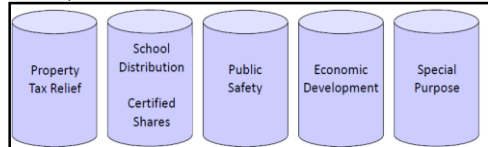
- 1.) Monthly LIT distributions
- 2.) Abstract template
- 3.) Property Tax Relief Rate Calculation

Monthly LIT Distributions

In Cy 2016, AOS used four different workbooks to distribute \$2.095B based on the activity in the 15 buckets below.



In Cy 2017, AOS will use one workbook to distribute an estimated \$2.249B based on the activity in the 5 buckets below.



2016 Distribution Example

CAGIT Funding Source	2016 CAGIT Amount	Monthly Distribution
Base	8,067,697	672,308
Special	1,210,155	100,846
Levy Freeze	2,936,642	244,720
PT Relief	6,857,543	571,462
Public Safety	2,016,924	168,077
Total:	21,088,961	1,757,413

CREDIT Funding Source	2016 CREDIT Amount	Monthly Distribution
Base	2,030,182	169,181
Economic Development	0	0
PT Relief (HSC)	0	0
Total:	2,030,182	169,181

Note: Using the LOIT reports distributed by AOS, this county we can see that this county has activity in 6 out of the 13 possible buckets, and that the two payments from the previous slide will need to be deposited in several different funds.

Notification of ACH Payment (August 2016)

PAYMENT HANDLING	VENDOR	BUSINESS UNIT	PAYMENT DATE	PAYMENT #
AS	000082970	00058-Auditor of State	08/03/2016	007377316

INVOICE #	P.O #	INVC. DATE	GROSS	DISCOUNT	INTEREST	NET
03750080118CAG0037		08/01/2016	\$ 1,757,413.42	\$ 0.00	\$ 0.00	\$ 1,757,413.42
03750080118CRED0037		08/01/2016	\$ 169,181.83	\$ 0.00	\$ 0.00	\$ 169,181.83

Note: Based on the information above, we can see that this county is receiving two separate LOIT distributions, but we cannot tell how many buckets this represents.

2017 LIT Distribution Example

Funding Source	2017 LIT Amount	Monthly Distribution
Certified Shares	10,191,760	849,313
Public Safety	1,867,991	155,666
Economic Development	1,878,254	156,521
Property Tax Relief	6,351,170	529,264
Special Purpose	1,120,795	93,400
Total:	21,409,970	1,784,164

In this example, the county is will receive a similar monthly distribution. Like they saw in 2016, their distribution is comprised of several different funding sources and will need to be deposited into several funds.

Notification of ACH Payment (January 2017)

PAYMENT HANDLING	VENDOR	BUSINESS UNIT	PAYMENT DATE	PAYMENT #
AS	000082970	00058-Auditor of State	08/03/2016	007377316

INVOICE #	P.O #	INVC. DATE	GROSS	DISCOUNT	INTEREST	NET
03750080118LTT0037		08/01/2016	\$849,313	\$ 0.00	\$ 0.00	\$ 849,313
03750080118LTT0037		08/01/2016	\$155,666	\$ 0.00	\$ 0.00	\$155,666
03750080118LTT0037		08/01/2016	\$156,521	\$ 0.00	\$ 0.00	\$156,521
03750080118LTT0037		08/01/2016	\$529,264	\$ 0.00	\$ 0.00	\$529,264

New County Funds for LIT

The ACH notification on the previous page not only identified the funding sources of the LIT distribution, but will also come with a message tell the county which fund to deposit the amount into.

- AOS will be monitoring the LIT balances much more closely that we previously had, but our interest isn't in auditing as much as in consistency.

AOS LOIT Balance Clean up Spring 2016

In the April 2016, AOS started collecting information from all counties about LOIT balances across various funds via online survey.

The goal of the project was to identify LOIT fund balances in 'unexpected' places, and to start a process of cleaning up the LOIT funds in anticipation of the LIT change.

The results were unexpected and the project was postponed.

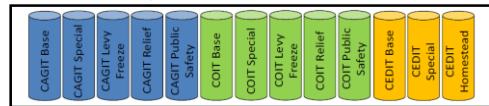
Fund	Fund Name
7311	CAGIT DISTRIBUTION
7312	CEDIT DISTRIBUTION
7313	COIT DISTRIBUTION
6005	LOIT PUBLIC SAFETY
6004	LOIT PROP TAX OPER LEVIES REPLACE
6006	LOIT STABILIZATION
6101	CEDIT HOMESTEAD CREDIT
6102	COIT HOMESTEAD
6105	LOIT HOMESTEAD CREDIT
6201	LOIT PTRC
6202	LOIT RESIDENTIAL PTRC

AOS LOIT Balance Clean up 2017

Goal: Identify all LOIT-related county funds with undistributed balance as of December 31, then move the balance to a new LIT fund.

Estimate start date: Summer 2017

LOIT/LIT on the Abstract



In 2016, LOIT Property tax relief had three different funding sources.

County configuration determined where LOIT information was entered onto the abstract.

For CEDIT counties, PT relief was applied to Homesteads. For CAGIT and COIT counties, the property tax relief could be applied to a combination of Homesteads, Qualified Residential, or to all tax payers.

Information related to the LOITs were summarized into Section 18 (Column 33, 34) and Section 5 (Columns 10, 11, 12, 13, 14, and 15)

LOIT on the Abstract

33	34
NET HOMESTEAD VALUE FOR COIT, CREDIT & LOIT HOMESTEAD CREDIT (MEMORANDUM TOTAL ONLY)	NET RESIDENTIAL VALUE FOR CREDIT AND/OR LOIT RESIDENTIAL PROPERTY TAX CREDIT (MEMORANDUM TOTAL ONLY)

Excerpt from Abstract Template 2015 pay 2016 (Section 1B)

Section	Column	Column Description
1B	33	NET HOMESTEAD VALUE FOR COIT, CREDIT & LOIT HOMESTEAD CREDIT (MEMORANDUM TOTAL ONLY)
1B	34	NET RESIDENTIAL VALUE FOR CREDIT AND/OR LOIT RESIDENTIAL PROPERTY TAX CREDIT (MEMORANDUM TOTAL ONLY)

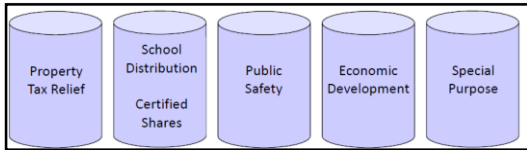
LOIT on the Abstract

10	11	12	13	14	15
LESS LOIT PROPERTY TAX REPLACEMENT CREDIT	LESS COIT HOMESTEAD CREDIT	LESS CREDIT HOMESTEAD CREDIT	LESS CREDIT RESIDENTIAL PROPERTY TAX CREDIT	LESS LOIT HOMESTEAD CREDIT	LESS LOIT RESIDENTIAL PROPERTY TAX CREDIT

Excerpt from Abstract Template 2015 pay 2016 (Section 5)

Section	Column	Column Description
5	10	LESS LOIT PROPERTY TAX REPLACEMENT CREDIT
5	11	LESS COIT HOMESTEAD CREDIT
5	12	LESS CREDIT HOMESTEAD CREDIT
5	13	LESS CREDIT RESIDENTIAL PROPERTY TAX CREDIT
5	14	LESS LOIT HOMESTEAD CREDIT
5	15	LESS LOIT RESIDENTIAL PROPERTY TAX CREDIT

LIT on the Abstract



In 2017, LIT Property tax relief will have one funding source.

County configuration determined where LIT information will entered onto the abstract.

For counties offering a LIT Property tax relief, they will be able to allocate the relief across 6 different categories. (See next slide)

Information related to the LITs will be summarized into Section 1B (Column 33 – 39) and Section 5 (Columns 10 – 17).

LIT on the Abstract

Short Name	Full Description
1% AV	Homesteads eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to one percent (1%)
2% AV	Residential property, long term care property, agricultural land, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to two percent (2%).
3% AV	Nonresidential real property, personal property, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to three percent (3%)
Residential Property	Residential property, as defined in 6-1.1-20.6-4.
Homestead Property, even if not applied	Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.
Rental Property	Real property consisting of units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to: (i) residential property; or (ii) commercial property.

LIT on the Abstract

SECTION 1B	SECTION 1B	SECTION 1B	SECTION 1B	SECTION 1B	SECTION 1B	SECTION 1B
33	34	35	36	37	38	39
NET ASSESSED VALUE FOR ONE PERCENT PTRC	NET ASSESSED VALUE FOR TWO PERCENT PTRC	NET ASSESSED VALUE FOR THREE PERCENT PTRC	NET ASSESSED VALUE FOR RESIDENTIAL PTRC	NET ASSESSED VALUE FOR HOMESTEAD, EVEN IF NOT FILED, PTRC	NET ASSESSED VALUE FOR RENTAL PTRC	NET ASSESSED VALUE FOR OTHER PTRC

Excerpt from Abstract Template 2016 pay 2017 (Section 1B)

Section	Column	Column Description
1B	33	NET ASSESSED VALUE FOR ONE PERCENT PTRC
1B	34	NET ASSESSED VALUE FOR TWO PERCENT PTRC
1B	35	NET ASSESSED VALUE FOR THREE PERCENT PTRC
1B	36	NET ASSESSED VALUE FOR RESIDENTIAL PTRC
1B	37	NET ASSESSED VALUE FOR HOMESTEAD, EVEN IF NOT FILED, PTRC
1B	38	NET ASSESSED VALUE FOR RENTAL PTRC
1B	39	NET ASSESSED VALUE FOR OTHER PTRC

LIT on the Abstract

SECTION 5	SECTION 5	SECTION 5	SECTION 5	SECTION 5	SECTION 5	SECTION 5	SECTION 5
11	12	13	14	15	16	17	18
LESS TOTAL PTRC	LESS ONE PERCENT PTRC	LESS TWO PERCENT PTRC	LESS THREE PERCENT PTRC	LESS RESIDENTIAL PTRC	LESS HOMESTEAD, EVEN IF NOT FILED, PTRC	LESS RENTAL PTRC	LESS OTHER PTRC

Excerpt from Abstract Template 2016 pay 2017 (Section 5)

Section	Column	Column Description
5	10	LESS TOTAL PTRC
5	11	LESS ONE PERCENT PTRC
5	12	LESS TWO PERCENT PTRC
5	13	LESS THREE PERCENT PTRC
5	14	LESS RESIDENTIAL PTRC
5	15	LESS HOMESTEAD, EVEN IF NOT FILED, PTRC
5	16	LESS RENTAL PTRC
5	17	LESS OTHER PTRC

2016 LOIT Property Tax Relief and 2017 LIT Property Tax Relief

- Just like 2016 LOIT, as an early step in the abstract process, AOS will be assisting the counties in calculating their LIT property tax relief rates.
- The overall process will be very similar to previous years, but the actual calculation has been changed significantly.
- We have begun discussions with the tax and billing software vendors to explain the new calculation as it relates to the property tax relief rates, abstracts, and property tax bills.
- Additional information will be made available to the counties, including code citations, instructions, examples, and practice documents will be made available by AOS.

2017 LIT Property Tax Relief Rate Calculations

Although the general calculation is comparable to 2016, there are a few significant differences that we will see in January 2017.

- 1.) Additional AV Types (and names)
- 2.) AOS calculated LOIT to LIT Property Tax Relief Buckets
- 3.) Property tax relief fund ending balances
- 4.) Property tax relief reserve (2% of total)

2017 LIT Property Tax Relief Calculation

Prerequisite Files from State:

1. Amount of Property Tax relief funds available based on SBA certifications
2. Property Tax relief allocations derived by AOS based on LOIT configuration.
3. Certified rate file from DLGF including the taxing districts and total taxing district rate.

Prerequisite Information from County:

4. Net Assessed Values by new AV type by taxing district

Property Tax Relief Rate Calculation 2017

- Step 1.) Calculate the amount of property tax relief available, then separate the total by AV Type.
- Step 2.) Use the "NAVs" and "Net Taxing District Rate" to calculate "Total Net Taxes" by AV Type by taxing district.
- Step 3.) Divide "Total Net Taxes" from Step 2 by amount of property tax relief available from Step 1.

Note: This slide is meant to represent a general overview of the process, there may be additional calculations necessary in all three steps above based on the county configuration.