
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County, City, and Town Officials

FROM: Jason Cockerill, Commissioner

DATE: October 1, 2025

SUBJECT: 2027 Local Income Tax Statute Compilation

While the Department of Local Government Finance (“Department”) will not be issuing official guidance on the new local income tax structure until closer to the July 1, 2027 effective date, the Department has created a comprehensive compilation of the new local income tax provisions for local units to use as a resource or reference guide. This compilation is attached and includes detailed explanations of each statute, as well as examples to help local units understand the new provisions.

It is important to note that with the delayed effective date, it is possible that changes to these statutory provisions will be made during a future legislative session. Therefore, the attached compilation should only act as a reference for the laws as they read as of the date of this memo. Local units are encouraged to review the compilation thoroughly and stay informed about any future legislative updates.

Any questions related to the new local income tax structure should be directed to the appropriate [Budget Division Field Representative](#). However, please be mindful that the Department and all local units are currently in the middle of the 2026 budget certification process, and the new local income tax provisions will not be effective until 2027.