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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** All Political Subdivisions  
**FROM:** Wesley R. Bennett, Commissioner  
**RE:** Legislation Affecting Local Income Taxes  
**DATE:** June 11, 2020

Please note that this memorandum is for informational purposes only, and it is not a substitute for reading the law.

## I. LIT Councils

On March 21, 2020, Governor Holcomb signed into law House Enrolled Act 1065-2020 (“HEA 1065”). This legislation provides that a local income tax council for a county with a single voting bloc must vote as a whole in order to exercise its authority to increase (but not decrease) a local income tax rate in the county. These provisions will sunset on May 31, 2021.

Section 28 of HEA 1065 defines “county with a single voting bloc” to mean a county that has a local income tax council in which one (1) city that is a member of the local income tax council or one (1) town that is a member of the local income tax council is allocated more than fifty percent (50%) of the total votes allocated to the members of the council under Ind. Code § 6-3.6-3-6(d). In counties with a single voting bloc, the total number of votes allocated for each fiscal body member of the local income tax council must be equally divided among the individuals on each fiscal body for any proposal to increase a tax rate in the county. Additionally, each fiscal body must take a roll call vote on resolutions or proposed ordinances, which must be transmitted to the county auditor. However, these voting requirements for local income tax councils do not apply to votes to decrease a tax rate.

HEA 1065 also provides that any actions taken by a member of a local income tax council, or a local income tax council, for a county with a single voting bloc after December 31, 2019, and before April 1, 2020, on a resolution or proposed ordinance to increase a local income tax in a county are void.

## II. LIT Ordinance Pre-Review

On March 21, 2020, Governor Holcomb signed into law House Enrolled Act 1113-2020 (“HEA 1113”). Under Ind. Code § 6-3.6-3-2, local government units have the ability to opt into the local income tax ordinance pre-review process. Any unit that chooses to participate in the pre-review process must submit the proposed notice, ordinance, or resolution to the Department at least

thirty (30) days prior to when the unit plans to submit the official notice, adopting ordinance or resolution, and vote results on an ordinance or resolution to the Department. Section 54 of HEA 1113 specifies that any unit participating in the local income tax ordinance pre-review process must use the prescribed forms and templates issued by the Department. In order to be effective on January 1, 2021, the last day for a fiscal body to adopt and submit local income tax changes to the Department for pre-review is September 31, 2020.

Upon submission of the local income tax ordinance documents for pre-review, the Department will provide the submitting entity a written determination of the appropriateness of the notice, ordinance, or resolution, including any recommended modifications, within thirty (30) days of receipt. As outlined in the Department's [guidance](#) memorandum dated January 24, 2020, all drafts should be submitted via email to Fred Van Dorp at [fvandorp@dlgf.in.gov](mailto:fvandorp@dlgf.in.gov).

### **Contact Information**

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