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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** Clark County Local Officials

**FROM:** Fred Van Dorp, Budget Director

**SUBJECT:** Clark County 2021 Local Income Tax Estimates

**DATE:** September 21, 2020

On September 15, in conjunction with the updated Local Income Tax (“LIT”) timeline outlined in Executive Order #20-31, the State Budget Agency (“SBA”) released its first official report containing the estimated calendar year 2021 LIT distribution.

- [Executive Order on the Extension of Certain Local Income Tax Deadlines - June 8, 2020](#)

On September 16, the Department of Local Government Finance (“Department”) posted the unit level distributions amounts in a single Statewide report. This report contained the distribution amounts separated into individual columns for all three pieces of the expenditure rate including Certified Shares, Public Safety, and Economic Development.

In Clark County, the report contained the distribution amounts for the Public Safety and Economic Development LIT, but both pieces of the Certified Share distribution columns were deliberately left blank. The omission is based on the creation of two new taxing units in Clark County and the effect of IC 6-3.6-6-20.

## **IC 6-3.6-6-20**

### **Allocation or distribution of revenue made on the basis of property tax levies or budgets in certain counties**

- (a) This section does not apply to distributions of revenue under section 9 of this chapter.
- (b) This section applies only to the following:
  - (1) Any allocation or distribution of revenue under section 3(a)(2) of this chapter that is made on the basis of property tax levies in counties that formerly imposed a tax under IC 6-3.5-1.1 (before its repeal January 1, 2017).
  - (2) Any allocation or distribution of revenue under section 3(a)(3) of this chapter that is made on the basis of property tax levies in counties that formerly imposed a tax under IC 6-3.5-6 (before its repeal January 1, 2017).
- (c) Subject to subsection (b), if a school corporation or civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in the calendar year preceding the year in which revenue under section 3(a)(2) or 3(a)(3) of this chapter is being allocated or distributed, that school corporation or civil taxing unit is entitled to receive a part of the revenue under section 3(a)(2) or 3(a)(3) of this

chapter (as appropriate) to be distributed within the county. The fractional amount that such a school corporation or civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

- (1) The amount of revenue under section 3(a)(2) or 3(a)(3) of this chapter to be distributed on the basis of property tax levies during that month; multiplied by (2) A fraction. The numerator of the fraction equals the budget of that School Corporation or civil taxing unit for the distribution year. The denominator of the fraction equals the aggregate budgets of all school corporations or civil taxing units of that county for the distribution year.
- (d) Subject to subsection (b), if for a calendar year a school corporation or civil taxing unit is allocated a part of a county's revenue under section 3(a)(2) or 3(a)(3) of this chapter by subsection (c), the calculations used to determine the shares of revenue of all other school corporations and civil taxing units under section (3)(a)(2) or 3(a)(3) of this chapter (as appropriate) shall be changed each month for that same year by reducing the amount of revenue to be distributed by the amount of revenue under section 3(a)(2) or 3(a)(3) of this chapter allocated under subsection (c) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

In short, for the calendar year 2021, the Certified Share distribution for all units in Clark County will be based on proportions of the calendar year 2021 certified budgets. Once the budgets are certified for all units in the county, the Department will calculate the Certified Share LIT distributions for each unit. The Department notes that these certified budgets may not be available until January 15, 2021. Until the 2021 Certified Share numbers are available, each unit may use an estimate while compiling their budget.

If you have questions, contact Budget Director Fred Van Dorp at (317) 234-3937 or [fvandorp@dlgf.in.gov](mailto:fvandorp@dlgf.in.gov).