

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 232-8779

## *Certification of Local Option Income Tax – Budget Year 2011 Wayne County*

**New Legislation Update:** HEA 1086-2010 extends the deadline by which a county may adopt a Local Option Income Tax (LOIT). An ordinance to adopt any of the LOIT options described below may be adopted anytime **before November 1, 2010**. For further information, please visit this link: [http://www.in.gov/dlhf/files/100416 - Bailey Memo - HEA 1086 Guidance - Changes to Local Option Income Tax.pdf](http://www.in.gov/dlhf/files/100416_-_Bailey_Memo_-_HEA_1086_Guidance_-_Changes_to_Local_Option_Income_Tax.pdf)

### **Operating (Levy Freeze) LOIT**

The Operating (Levy Freeze) LOIT effectively freezes the maximum property tax levies for an adopting county's civil units of government and replaces the annual maximum levy growth with income tax (LOIT) proceeds. This rate is capped at 1% and is annually recertified for each county by the Department of Local Government Finance ("DLGF").

**Please Note:** Indiana Code 6-3.5-1.1-24 (CAGIT) or 6-3.5-6-30 (COIT), subsection (h) dictates that once adopted, a rate for Operating (Levy Freeze) LOIT is permanent: "[...] a county [income tax] council may not decrease or rescind a tax rate imposed under this chapter." Also, once a rate is adopted for the Operating (Levy Freeze) LOIT, property tax maximum permissible levies are frozen as of the year of adoption and cannot grow annually as they normally would.

Indiana Code 6-3.5-1.1-24 (CAGIT) or 6-3.5-6-30 (COIT) requires the DLGF and the Department of Revenue ("DOR") to certify the CAGIT/COIT rate that must be imposed in a county to raise tax revenues as specified. The rate that the DLGF certifies **MUST** be adopted by the governing body for each of the first two years (2011 and 2012). Therefore, the DLGF and the DOR certify the following rates for Wayne County:

	<u>2011</u>	<u>2012</u>
<b>Estimated Amount Needed:</b>	1,159,213	2,393,176
<b>Corresponding Income Tax Rate:</b>	0.1245	<b>0.257</b>
<b>Income Tax Rate including first year Stabilization Fund*:</b>	<b>0.249%</b>	<b>0.257%</b>

\* The DLGF-Certified Levy Freeze **Income Tax Rate** for 2011 is the rate that must appear in an adoption ordinance. This rate has been doubled to include the portion of the rate required for the stabilization fund.

Dated this 2<sup>nd</sup> day of August, 2010.

  
\_\_\_\_\_  
Brian Bailey, Commissioner  
Department of Local Government Finance

### **Other LOIT Options**

#### **Property Tax Relief LOIT**

Indiana Code 6-3.5-1.1-26 (CAGIT) or 6-3.5-6-32 (COIT) also allows a county to adopt an additional CAGIT/COIT to:

1. Provide local property tax replacement credits to all property;
2. Provide or increase the homestead credit percentage uniformly; or
3. Provide local property tax replacement credits to qualified residential property.

This additional CAGIT/COIT can be raised in increments of 0.05% up to a maximum of 1.00%.

#### **Public Safety LOIT**

Indiana Code 6-3.5-1.1-25 (CAGIT) or 6-3.5-6-31 (COIT) also allows a county to adopt an additional CAGIT/COIT for Public Safety. In order to adopt this additional CAGIT/COIT, a county must have adopted a 0.25% rate for the additional CAGIT/COIT for Operating (Levy Freeze), the CAGIT/COIT for Property Tax Relief, or a combination of both. The Public Safety CAGIT/COIT rate can be adopted up to a maximum of 0.25%.