
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Taxing Units

FROM: Fred Van Dorp, Budget Director

SUBJECT: Local Income Tax Estimated Distributions for 2018

DATE: August 22, 2017

The purpose of this memorandum is to provide information on the local income tax estimated distributions for 2017. These estimates are attached to this memo. The estimates are being provided pursuant to Indiana Code 6-3.6-9-5 and are based on the estimated local income tax certifications provided by the State Budget Agency on August 1. The estimates prepared by the Department of Local Government Finance ("Department") allocate to each applicable taxing unit in the county the revenue estimated by the State Budget Agency. These are estimates only and will be updated to certified distributions later this year.

Below is a summary of the figures provided on the report:

- The top part of the report displays the county-wide revenue for each of the expenditure rate categories: certified shares, public safety, and economic development. These figures correspond to the estimates provided by the State Budget Agency. As needed, the Department has made adjustments to these figures to account for specific situations such as counties that had previously adopted a levy freeze rate, counties that had allocated a portion of their public safety revenue to a public safety access point ("PSAP"), and certain requirements specific to Porter County. These figures will then correspond to the taxing unit distributions shown in the middle part of the report.
- For the taxing unit distributions, the columns provided are as follows:
 - IC 6-3.6-6-3(a)(2) Distribution – This column will be applicable only in counties that previously imposed a County Adjusted Gross Income Tax ("CAGIT") rate. This column allocates the revenue from the first 0.25% rate to schools and civil taxing units. The values in this column follow the same allocation formula as previously used for the former CAGIT Property Tax Replacement Credit ("PTRC"). This revenue does not have the same restrictions as the prior CAGIT PTRC in terms of being used to reduce the property tax levy. Rather, this revenue is now to be treated as a miscellaneous revenue for use by the taxing unit, similar to certified shares.
 - Certified Shares Distribution – This column will be applicable in counties that previously imposed a CAGIT rate or a County Option Income Tax ("COIT") rate.

The values in this column follow the same formula previously used to allocate certified shares for both CAGIT and COIT.

- Total Expenditure Rate – Certified Shares Distribution – This column totals the IC 6-3.6-6-3(a)(2) Distribution column and the Certified Shares Distribution column. While two distribution formulas may apply in determining unit-level distributions, taxing units will ultimately receive only one distribution from the Certified Shares part of the Expenditure Rate. This column provides the total amount of revenue from the Certified Shares part of the Expenditure Rate that will be received by each taxing unit.
- Estimated Public Safety Distribution – This column provides the estimated public safety distribution for the county unit and cities and towns within the county. These figures are estimates as they may be impacted by a local decision to allocate a portion of the revenue from the Public Safety part of the Expenditure Rate to an entity that would not traditionally receive a distribution. If this local decision has provided revenue to entities other than the county unit and cities and towns within the county, then the distribution to the other entities would occur first and then the remainder would be proportionally allocated among the county and cities and towns. As such, a local decision to allocate a portion of the Public Safety revenue to other entities would reduce the actual distributions below the estimated amounts shown on this report.
- Economic Development Distribution – This column provides the estimated economic development distribution for the county unit and cities and towns within the county.
- The bottom section of the report lists the estimated revenue to be derived from either a Property Tax Relief Rate or a Special Purpose Rate as applicable. These figures tie to the values shown on the State Budget Agency's estimates and will only be present if these rates are currently imposed within the county.

Pursuant to IC 6-3.6-9-5, the State Budget Agency will provide the county's certified distribution to the Department before October 1. The Department will then update the estimates attached to calculate the certified distributions applicable for each taxing unit in the county for 2017.

If you have questions on the attached estimates, please contact Fred Van Dorp, Budget Director, at fvandorp@dlgf.in.gov or (317) 234-3937.