



Local Income Tax Templates and Other Notes

Matthew Parkinson
Deputy Commissioner and Chief of Staff

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Local Income Tax Overview

- IC 6-3.6
- All 92 counties fall under LIT.
- In most regards, the following terms are retired:
 - CAGIT – IC 6-3.5-1.1
 - COIT – IC 6-3.5-6
 - CEDIT – IC 6-3.5-7



Local Income Tax Overview

- Three broad income tax types:
 - Expenditure
 - Property Tax Relief
 - Special Purpose



Local Income Tax Overview

- Adopting Body:
 - County Council in former CAGIT Counties.
 - Local Income Tax Council in former COIT Counties.
 - County Council or Local Income Tax Council in counties where CEDIT was the only income tax type.



Expenditure Rate

- Other than Marion County, capped at 2.5%.
- Marion County, capped at 2.75%.
- Provides additional revenue to local governments.



Expenditure Rate

- Types:
 - Certified Shares (includes levy freeze and former CAGIT PTRC)
 - Economic Development
 - Public Safety (includes PSAP)
 - NEW: Correctional and Rehabilitation Facilities



Expenditure Rate

- Units receiving expenditure revenue.

Expenditure Type	Recipients
Certified Shares	<ul style="list-style-type: none">• Civil taxing units• Schools in former CAGIT counties (eligible for portion of first 0.25% of rate)• (Optionally) Solid Waste Districts
Economic Development	<ul style="list-style-type: none">• Counties• Municipalities
Public Safety	<ul style="list-style-type: none">• Counties• Municipalities providing public safety• (Optionally) Certain other organizations designated by the adopting body.
Correctional and Rehab Facilities	<ul style="list-style-type: none">• Counties



Property Tax Relief

- Capped at 1.25%.
- Used to reduce property tax bills for taxpayers.
- Property tax relief credit percentage is calculated with AOS.
- Can be used as a tool to reduce the impact of circuit breaker credits.



Tax Bill w/o Property Tax Relief

- Tax Bill equation:

Gross Assessed Value	\$100,000
Less Standard Deduction	(\$45,000)
Less Supplemental Deduction	(\$19,250)
Less Mortgage Deduction	(\$3,000)
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Net Assessed Value	\$32,750
x Tax Rate	\$4.3505
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Gross Tax Bill	\$1,424.79
Less PTR Credits	(0)
Less Circuit Breaker Credits	(\$424.79)
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Net Tax Bill	\$1,000



Tax Bill Example

- Tax Bill equation:

Gross Taxes Due	\$1,424.79
x Property Tax Relief Percentage	18.4623
Property Tax Relief Credits	\$263.05

Gross Taxes Due	\$1,424.79
- Property Tax Relief Credits	(\$263.05)
Tax Bill after Property Tax Relief	\$1161.74



Tax Bill with Property Tax Relief

- Tax Bill equation:

Gross Assessed Value	\$100,000
Less Standard Deduction	(\$45,000)
Less Supplemental Deduction	(\$19,250)
Less Mortgage Deduction	(\$3,000)
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Net Assessed Value	\$32,750
x Tax Rate	\$4.3505
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Gross Tax Bill	\$1,424.79
Less PTR Credits	(\$263.05)
Less Circuit Breaker Credits	(\$161.74)
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Net Tax Bill	\$1,000



Property Tax Relief

- Types:
 - 1% Taxpayers – Homestead.
 - 2% Taxpayers – Non-homestead residential, agricultural, and long-term care.
 - 3% Taxpayers – all other real property and personal property.
 - Residential.
 - All taxpayers.



LIT Ordinances

- IC 6-3.6-3
- Department makes uniform notices, ordinances, and resolutions available for use.
- Most recent versions distributed May 11, 2018.
- Available on DLGF memos page:
<https://www.in.gov/dlgf/2444.htm>



LIT Ordinances

- Current templates:
 - Notice of hearing on proposed ordinance
 - Ordinance modifying LIT rates
 - Notice of hearing on proposed resolution
 - Resolution modifying LIT rates



LIT Ordinances

Allocation Rate Category	Existing LIT Rate	Proposed LIT Rate
Certified Shares (IC 6-3.6-6)		
Public Safety (IC 6-3.6-6)		
Economic Development (IC 6-3.6-6)		
Property Tax Relief Rate ¹ (IC 6-3.6-5)		
Special Purpose Rate ² (IC 6-3.6-7-__)		
Correctional or Rehabilitation Facilities ³ (IC 6-3.6-6-2.7)		



LIT Ordinances

Property Tax Credit Allocation Categories (IC 6-3.6-5-6)	Existing Percent of Revenue	Proposed Percent of Revenue ⁴
All Property Tax Allocation Categories		
1% Allocation Type Homesteads eligible for a credit under IC 6-1.1-20.6-7.5.		
2% Allocation Type Residential property, agricultural land, long term care property, and other tangible property eligible for a credit under IC 6-1.1-20.6-7.5.		
3% Allocation Type Nonresidential real property, personal property, and other tangible property eligible for a credit under IC 6-1.1-20.6-7.5.		
Residential property, as defined in 6-1.1-20.6-4		



LIT Ordinance Pre-Review

- IC 6-3.6-3-2(b)
- Local governments may submit proposed notices, ordinances, and resolutions to DLGF for review at any time of year.
- DLGF shall provide a determination of the appropriateness within 30 days.



LIT Ordinance Post-Review

- IC 6-3.6-3-2(d)
- Local governments must submit adopted ordinances and resolutions to DLGF.
- Submission is through Gateway.
- DLGF shall notify submitting entity within 30 days if it has submitted everything required.
- LIT change is not effective until DLGF provides this notification.



HEA 1263-2018

- County fiscal body may adopt an ordinance to impose a tax rate for correctional facilities and rehabilitation facilities.
- Increments of 0.01%.
- Rate may not exceed 0.2%.
- Rate may not be in effect more than 20 years.



HEA 1263-2018

- County fiscal body is always the adopting body for a correctional facilities and rehabilitation facilities rate.
- Correctional and Rehabilitation revenue is distributed to the county before the remainder of the expenditure rate.
- Maximum expenditure rate is not adjusted.



Key LIT Dates

- Tax Rate Changes

Adoption Period Start	Adoption Period End	Effective Date
January 1, Year 1	August 31, Year 1	October 1, Year 1
September 1, Year 1	October 31, Year 1	January 1, Year 2
November 1, Year 1	December 31, Year 1	October 1, Year 2

Counties may make changes at any time during the year.



Key LIT Dates

- Property Tax Liability Changes

Adoption Period Start	Adoption Period End	Effective Date
January 1, Year 1	November 1, Year 1	January 1, Year 2
November 2, Year 1	December 31, Year 1	January 1, Year 3

Counties may make changes at any time during the year.



Key LIT Dates

- Distribution or Allocation Changes

Adoption Period Start	Adoption Period End	Effective Date
January 1, Year 1	November 1, Year 1	January 1, Year 2
November 2, Year 1	December 31, Year 1	January 1, Year 3

Counties may make changes at any time during the year.



LIT Supplemental Distribution

- IC 6-3.6-9-15
- When the trust account balance exceeds 15% of a year's certified distributions, a supplemental distribution will occur.
- In 2017, two counties received supplemental distributions.
- In 2018, thirty counties will receive supplemental distributions.



LIT Supplemental Distribution

Action	Date
SBA provides county-level supplemental distribution	May 1
DLGF determines unit-level distributions	May 15
County auditor distributes supplemental amounts to taxing units	May 30



LIT Supplemental Distribution

- Unit-level distributions are based upon the trust account balance year.
- The trust account balance year is two years before the current year
 - For calendar year 2018, the trust account balance year is 2016.



LIT Supplemental Distribution

- 2018 distributions are based upon the LOIT configurations as of 12/31/2016.
- 2019 distributions will be based upon LIT configurations as of 12/31/2017.
- Amounts: <https://www.in.gov/dlgef/2339.htm>



Thank you!

- Matthew Parkinson, Deputy Commissioner
 - Telephone: 317.232.3759
 - E-mail: mparkinson@dlgf.in.gov
 - Website: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm