



LIT and Tax Bill Considerations

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Deputy Commissioner and Chief of Staff
Treasurers Conference
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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.
- Applied on all taxes other than those imposed following a referendum.



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.



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)
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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



1% Tax Bill with Ref Rate

- The school unit in the district has a referendum fund with a \$0.3505 rate.

Net Assessed Value	\$32,750
x Non-exempt Tax Rate	\$4.0000
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Gross Non-Exempt Tax Bill	\$1,310.00
Net Assessed Value	\$32,750
x Exempt Tax Rate	\$0.3505
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Exempt Tax Bill	\$114.79



1% Tax Bill with Exempt Rate

- The school unit in the district has a referendum fund with a \$0.3505 rate.

Net Assessed Value	\$32,750
x Tax Rate	\$4.3505
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Gross Tax Bill before PTR	\$1,424.79
Maximum Non-Exempt Tax Bill	\$1,000
+ Exempt Tax Amount	\$114.79
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Maximum Tax Bill	\$1,114.79



1% Tax Bill with Exempt Rate

- Property tax relief is applied only to the non-referendum tax rates.

Gross Non-Exempt Tax Bill before PTR	\$1,310.00
x Property Tax Relief Percentage	18.4623
Property Tax Relief Credits	\$241.86



1% Tax Bill with Exempt Rate

- The school unit in the district has an exempt fund with a \$0.3505 rate.

Gross Tax Bill	\$1,424.79
Less PTR Credits	(241.86)
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Gross Tax Bill after PTR	\$1182.93
Gross Tax Bill after PTR	\$1,182.93
Maximum Tax Bill	(1,114.79)
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1% CB Credit	\$68.14



1% Tax Bill with Exempt Rate

- The school unit in the district has an exempt fund with a \$0.3505 rate.

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	(\$241.86)
Less Circuit Breaker Credits	(\$68.14)
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Net Tax Bill	\$1,114.79



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.



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.



TS-1 Presentation

- The Department is considering updates to the layout of the TS-1.
- Goal is to assist counties with fitting TS-1 into envelopes.
- The Department requests your feedback on the TS-1 layout, the types of envelopes you use, and any updates you would like to see.
- Please contact Jenny Banks at jbanks@dlgf.in.gov or (317) 234-4376.



Fall tax bill due dates

- **2018: Tuesday, November 13.**
 - Veterans Day is observed on November 12.
- **2019: Tuesday, November 12.**
 - Veterans Day is observed on November 11.
- **2020: Tuesday, November 10.**
 - Veterans Day is observed on November 11.



Thank you!

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