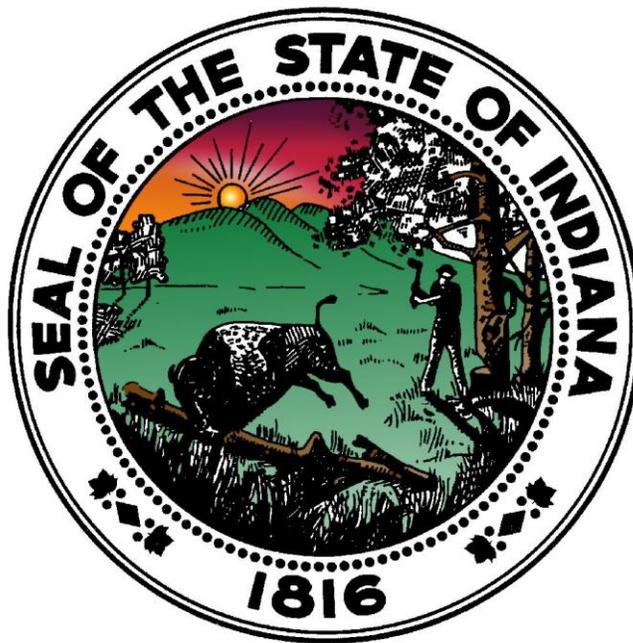


**Local Option Income Tax
Handbook
for
County Auditors**



**Prepared by the Indiana Department of Revenue
November 2013**

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Introduction

Each of Indiana's 92 county councils/county income tax councils can choose to adopt an ordinance that imposes a local option income tax (LOIT), also commonly known as "county tax." The Indiana General Assembly established this tax to be used to supplement authorized expenditures that normally are paid for with property tax revenues. Once adopted, the county tax remains in effect until the council opts to rescind the tax, or until reaching a preset time (such as a rate/tax automatically sunseting once a bond is paid off, a specific number of years, etc.). Generally, the council can also choose to increase or decrease the county tax rate after it is imposed.

County tax is imposed on Indiana state adjusted gross income reported by individuals who live and/or work in those counties and is figured on the annual Indiana individual income tax return (IT-40, IT-40EZ, IT-40PNR, IT-40RNR). The Department of Revenue (DOR or the department) collects this tax (through payroll tax withholdings, estimated tax payments and payments made with the filing of tax returns). After the tax return is filed, the individual's final county tax liability is calculated. As of Oct. 1, 2013, all of Indiana's 92 counties have imposed a county tax.

Effective Date: A person may be subject to Indiana county tax if he lived and/or worked in an Indiana county as of January 1 of the taxable year. If a county imposes, increases, decreases or rescinds a county tax during the year, a person who resided in and/or worked in that county as of January 1 of the year is subject to the tax and any changes made to it during the year.

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What are the three main county income tax types, and what are the differences between them?

Currently, three main county income tax types are available to be adopted. Each county council/county income tax council (council) chooses the type of county income tax to impose based on how the funds are to be used.

1. County Adjusted Gross income Tax (CAGIT) IC 6-3.5-1.1

Adopting body: county council

Funds collected may be used to:

- be treated as though they were property tax, including may
 - pay certain costs of facilities and buildings, including county courthouse
 - pay certain costs of operating a jail and juvenile detention center

2. County Option Income Tax (COIT) IC 6-3.5-6

Adopting body: county income tax council (COIT council)

Funds collected may be used:

- as distributive shares to pay for general government expenses
- to provide a homestead credit
- to fund the operation of:
 - a public communications system and computer facilities district
 - a public transportation corporation
 - a public library, etc.

3. County Economic Development Income Tax (CEDIT) IC 6-3.5-7

Adopting body: county council or COIT council

Funds collected may be used to:

- pay loans, retire bonds, or pay leases used for economic development and/or capital projects
- provide certain homestead credits
- foster economic development, new technology, industrial and commercial growth, diversification of industry and commerce, etc.
- establish a regional venture capital fund
- finance a courthouse
- by a county, city or town for any lawful purpose for which money in any of its other funds may be used

County tax type adoption options

A county council can adopt a single county tax type or a combination of no more than two basic county tax types. Adopting two different county tax types gives the county additional options for how the funds are spent. Here are the adoption possibilities:

- A county may adopt CAGIT, which may include an additional
 - rate for property tax levy freeze
 - rate for property tax relief
 - rate for public safety
 - rate for correctional facilities
- A county may adopt COIT, which may include an additional
 - rate for property tax levy freeze
 - rate for property tax relief
 - rate for public safety
 - rate for jail operation and maintenance
 - rate to fund jail facilities
 - rate to fund juvenile detention center
- A county may adopt CEDIT, which may include an additional
 - rate to finance courthouse
 - rate for regional development authorities
 - rate for county jail facilities
 - rate to finance hospital, volunteer fire department
- A county may adopt a combination of CAGIT and CEDIT.
- A county may adopt a combination of COIT and CEDIT.
- A county may not adopt a combination of CAGIT and COIT.

IC 6-3.5-1.1-2(a) CAGIT; IC 6-3.5-6-8(a) COIT; IC 6-3.5-7-5(b) CEDIT

Example. County A has adopted COIT, which allows for expenditures such as replacing property tax revenue lost because of an increased homestead credit, to fund the operation of a public transportation corporation, etc.

Example. County B has adopted a combination of COIT and CEDIT, which allows for expenditures such as replacing property tax revenue lost because of an increased homestead credit, to fund the operation of a public transportation corporation, etc., plus (under COIT) a rate for property tax relief.

How to express tax rates

Tax rates should be expressed without a percent sign. For example, express

- one percent (1%) as .01
- three-quarters of one percent (.75%) as .0075
- one-half of one percent (.5%) as .005
- one-fourth of one percent (.25%) as .0025
- one-eighth of one percent (.125%) as .00125

and so on.

County tax ordinance effective dates

The county councils/income tax councils (council) may adopt an ordinance to impose, increase, decrease and/or rescind a county tax at any time in a year before November 1 of the current year.

If an ordinance is adopted:	It takes effect on:
After December 31 of the immediately preceding year and before September 1 of the current year	October 1 of the current year

Example. On June 1 of the current year County C adopted an ordinance to impose a county tax. The tax will go into effect on October 1 of the current year.

Example. On March 1 of the current year County D adopted an ordinance to increase its county tax rate from .01 to .015. The current .01 rate will be in effect through September 30; the .015 increased net rate will be in effect beginning October 1 of the current year.

If an ordinance is adopted:	It takes effect on:
After August 31 of the current year and before November 1 of the current year	January 1 of the following year

Example. On September 15 of the current year County E adopted an ordinance to decrease its county tax rate from .01 to .005. The .01 rate will be in effect through the current year. The reduced .005 rate will be in effect beginning January 1 of the following year.

Important.

No ordinance may be adopted from November 1 through December 31 of the current year.

IC 6-3.5-1.1-1.5(b)
IC 6-3.5-6-1.5(b)
IC 6-3.5-7-4.9(b)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d) CAGIT
IC 6-3.5-6-1.5(d) COIT
IC 6-3.5-7-4.9(d) CEDIT

County Adjusted Gross Income Tax – CAGIT

The county council of any county in which the county option income tax (COIT) will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax (CAGIT) on the adjusted gross income of county taxpayers of its county.

CAGIT tax rates

- The county adjusted gross income tax may be imposed on the adjusted gross income of county taxpayers of its county at a resident rate of:
 - one-half of one percent (.005)
 - three-fourths of one percent (.0075), or
 - one percent (.01)¹

IC 6-3.5-1.1-2(b)

- Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (.0025). This rate will not change unless CAGIT is rescinded.

IC 6-3.5-1.1-2(b)

- If the county council elects to decrease the county adjusted gross income tax, the county council must decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (.001).

IC 6-3.5-1.1-2(b)

Example. County F is adopting CAGIT for the first time. County F chooses to adopt a resident rate of .0075; the nonresident rate is .0025.

Example. County G has a current CAGIT rate of .01 and is electing to reduce the rate to .005. County G will be able to do this by reducing the rate by .001 each year over a five-year period of time. The rate will be reduced to .009 the first following year, .008 the second year, .007 the third year, .006 the fourth year and .005 the final year. (The nonresident rate will continue at .0025 for each year.)

Limitation. A council that decreases the CAGIT rate in a year may not in the same year adopt or increase the COIT.

IC 6-3.5-1.1-3.1(d)

Limitation. A county may not adopt a combination of CAGIT and COIT.

IC 6-3.5-1.1-2(a) CAGIT; IC 6-3.5-6-8(a) COIT

Effect of adoption of COIT and CAGIT in same county

If during a particular calendar year the county council of a county adopts an ordinance to impose the CAGIT on

¹ See additional exceptions and rates on pages 17 – 26.

the same day that the county option income tax council of the county adopts an ordinance to impose the COIT, the COIT takes effect in that county and the CAGIT shall not take effect in that county.

IC 6-3.5-6-10

CAGIT: Ordinance to impose, increase, decrease, rescind, Post-adoption procedures for county auditors

Following are the four types of ordinances a county council can adopt for county adjusted gross income tax (CAGIT) purposes and the procedures an auditor must follow once the ordinance has been adopted. They are:

- Imposing a CAGIT
- Increasing a CAGIT
- Decreasing a CAGIT
- Rescinding a CAGIT

CAGIT: Ordinance adoption to impose the tax

The county adjusted gross income tax shall be imposed at a resident rate of:

- one-half of one percent (.005)
- three-fourths of one percent (.0075), or
- one percent (.01)²

IC 6-3.5-1.1-2(b)

Any county imposing CAGIT must impose the tax on nonresident county taxpayers at a rate of one-fourth of one percent (.0025). This rate will not change unless CAGIT is rescinded.

IC 6-3.5-1.1-2(b)

To impose CAGIT, the county council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax rate on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (._____) on the resident county taxpayers of the county and one-fourth of one percent (.0025) on the nonresident county taxpayers of the county."

IC 6-3.5-1.1-2(c)

² See exceptions on pages 17 – 26.

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.

2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-2(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

CAGIT: Ordinance adoption to increase the rate

A county which has imposed CAGIT will have imposed it at a resident rate of:

- one-half of one percent (.005)
- three-fourths of one percent (.0075), or
- one percent (.01)³

IC 6-3.5-1.1-2(b)

Any county increasing CAGIT may increase it to three-fourths of one percent (.0075) or to one percent (.01).⁴

IC 6-3.5-1.1-2(b)

The nonresident county taxpayer rate of one-fourth of one percent (.0025) will not change unless CAGIT is rescinded.

IC 6-3.5-1.1-2(b)

To increase the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council increases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (._____) to _____ percent (._____)".

IC 6-3.5-1.1-3(a)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-3(b)

³ See exceptions on pages 17 – 26.

⁴ See exceptions on pages 17– 26.

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

CAGIT: Ordinance adoption to decrease the rate

If the county council elects to decrease CAGIT, the county council must decrease the rate in increments of one-tenth of one percent (.001).

IC 6-3.5-1.1-2(b)

The council may adopt an ordinance to decrease the county adjusted gross income tax rate in effect. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (._____) to _____ percent (._____)".

IC 6-3.5-1.1-3.1(a)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-3.1(c)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

Note. A county council may not decrease the CAGIT rate or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged CAGIT if the civil taxing unit or any commission, board, department or authority that is authorized by statute to pledge CAGIT has pledged CAGIT for any purpose permitted by IC 5-1-14 or any other statute. *(In other words, if funds from the imposition of CAGIT have been formally promised [pledged], then CAGIT cannot be rescinded until that obligation has been addressed [e.g. the pledged amount is no longer linked to CAGIT, is retired, is cancelled, etc. – Editor]*

IC 6-3.5-1.1-4(d)

Note. A county council that decreases the CAGIT rate in a year may not in the same year adopt or increase the CEDIT tax.*

IC 6-3.5-1.1-3.1(d)

***Exception.**

This subsection applies only to LaPorte County. The council may adopt or increase the CEDIT rate under IC 6-3.5-7 in the same year that the council decreases the CAGIT rate if the CEDIT rate plus the CAGIT rate in effect after the council decreases the CAGIT rate is less than the CAGIT rate in effect before the adoption of an ordinance under this section decreasing the rate of the CAGIT.

IC 6-3.5-1.1-3.1(e)

CAGIT: Ordinance adoption to decrease the tax

The council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax.*

IC 6-3.5-1.1-4(b)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-4(c)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

***Note.** A county council may not rescind the CAGIT or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged CAGIT if the civil taxing unit or any commission, board, department or authority that is authorized by statute to pledge CAGIT has pledged CAGIT for any purpose permitted by IC 5-1-14 or any other statute. *(In other words, if funds from the imposition of CAGIT have been formally promised [pledged], then CAGIT cannot be rescinded until that obligation has been addressed [e.g. the pledged amount is no longer linked to CAGIT, is retired, is cancelled, etc. – Editor]*

IC 6-3.5-1.1-4(d)

CAGIT: Additional exceptions to rates:

Daviess County. The CAGIT rate imposed may be increased by increments of

- (1) fifteen-hundredths percent (.0015);
- (2) two-tenths percent (0.002); or
- (3) twenty-five hundredths percent (.0025)

IC 6-3.5-1.1-2.9 for correctional facilities

Elkhart County. The CAGIT rate imposed may be increased by increments of

- (1) fifteen-hundredths percent (.0015);
- (2) two-tenths percent (0.002); or
- (3) twenty-five hundredths percent (.0025)

IC 6-3.5-1.1-2.8 for correctional facilities

Jackson County. The CAGIT imposed may have been increased by the rate of one percent (.01) on adjusted gross income for calendar years ending before Jan. 1, 2024. For calendar years beginning after Dec. 31, 2023, the rate is reduced to one percent (.01). If the county council previously imposed this increased rate of one and one-tenth percent (.011), the county council may decrease the rate or rescind the tax.

IC 6-3.5-1.1-2.5 for correctional facilities

Jasper County. The CAGIT rate imposed may be increased by increments of

- (1) fifteen-hundredths percent (.0015);
- (2) two-tenths percent (0.002); or
- (3) twenty-five hundredths percent (.0025)

IC 6-3.5-1.1-2.3 for correctional facilities

LaPorte County limitation.

The council may adopt or increase any CEDIT rate under IC 6-3.5-7 in the same year that the council decreases the CAGIT rate if the CEDIT rate plus the CAGIT rate in effect after the council decreases the CAGIT rate is less than the CAGIT rate in effect before the adoption of an ordinance under this section decreasing the CAGIT rate.

IC 6-3.5-1.1-3.1

Marshall County. The CAGIT rate imposed may be increased by increments of

- (1) fifteen-hundredths percent (.0015);
- (2) two-tenths percent (0.002); or
- (3) twenty-five hundredths percent (.0025)

IC 6-3.5-1.1-2.8 for correctional facilities

Pulaski County. The CAGIT rate imposed may be increased by one and three-tenths percent (.013) for calendar years beginning before Jan. 1, 2021. If an augmented CAGIT rate is in effect on Dec. 31, 2020, the rate is reduced to one percent (.01) after Dec. 31, 2020.

IC 6-3.5-1.1-3.5 for correctional facilities

Union County. The CAGIT rate imposed may be increased by twenty-five hundredths percent (.0025).

IC 6-3.5-1.1-3.6 for county courthouse

Wayne County. The CAGIT rate imposed may be increased by increments of

- (1) fifteen-hundredths percent (.0015);
- (2) two-tenths percent (0.002); or
- (3) twenty-five hundredths percent (.0025)

IC 6-3.5-1.1-2.7 for correctional facilities

CAGIT: Additional rate imposed for jail facilities in county subject to federal court order

A county council for a county that:

- operates a county jail that is subject to an order that was issued by a federal district court before Jan. 1, 2003, which has not been terminated;
- operates a county jail that fails to meet American Correctional Association Jail Construction Standards and Indiana jail operation standards adopted by the Department of Correction; and
- has insufficient revenue to finance the construction, acquisition, improvement, renovation and equipping of a county jail and related buildings and parking facilities may impose an additional tax at a rate of twenty-five hundredths percent (.0025).

IC 6-3.5-1.1-3.3

The tax imposed under this section may be imposed only until the later of: the date on which the financing on acquisition, improvement, renovation and equipping is completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation and equipping are fully paid. The term of the bonds issued (including any refunding bonds) or a lease may not exceed thirty (30) years.

IC 6-3.5-1.1-3.3(d)

To impose this tax, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the jail facilities (in county subject to federal court order) county adjusted gross income tax rate on the county taxpayers of _____ County. The jail facilities (in county subject to federal court order) county adjusted gross income tax rate is imposed at a rate of _____percent (._____).

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5.1.1-2(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

CAGIT: Rate for property tax levy freeze

The council may impose or increase (as applicable) a tax rate under this section. A tax rate imposed under this section may not exceed one percent (.01). A county council must each year hold at least one public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased. This tax rate is in addition to any other taxes imposed under this chapter.

IC 6-3.5-1.1-24

Note. If the council imposes a tax rate under this section, the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under IC 6-3.5-1.1-11 may not be decreased.

IC 6-3.5-1.1-24(I)

To **impose** a tax rate under this section, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ county council imposes the property tax levy freeze county adjusted gross income tax rate on the county taxpayers of _____ County. The property tax levy freeze county adjusted gross income tax rate is imposed at a rate of _____ percent (._____).

The tax rate for the immediately following year is imposed at the rate of _____ percent (._____)*."

IC 6-3.5-1.1-24

*The county council must specify (in the ordinance imposing the tax rate) the tax rate for the following year.

IC 6-3.5-1.1-24(e)

To **increase** a tax rate under this section, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ county council increases the property tax levy freeze county adjusted gross income tax rate on the county taxpayers of _____ County. The property tax levy freeze county adjusted gross income tax rate is increased to a rate of _____ percent (._____)."

IC 6-3.5-1.1-24

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-24(c)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

CAGIT: Rate for property tax relief

A council may impose a tax rate under this section to provide property tax relief to taxpayers in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

IC 6-3.5-1.1-26(a)

This tax rate may be imposed in increments of five hundredths of one percent (0.0005), not to exceed one percent (.01).

IC 6-3.5-1.1-26(b)

To impose this tax, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the property tax relief county adjusted gross income tax rate on the county taxpayers of _____ County. The property tax relief county adjusted gross income tax rate is imposed at a rate of _____ percent (._____). This rate is to be allocated as follows (enter allocated rate on all lines that apply):

- (1) ._____ (rate) Provide property tax replacement credits at a uniform rate.
 - a. Estimates of the amount of property tax replacement credits to be provided to homestead property, other residential property, commercial property, industrial property and agricultural property have been made available to the public.
 - b. We acknowledge that some taxpayers that do not pay this tax rate will receive property tax replacement credits funded by this tax rate.
- (2) ._____ (rate) Uniformly provide the homestead credit percentage.
- (3) ._____ (rate) Provide local property tax credits at a uniform rate for all qualified residential property.

NOTE: The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

- to reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies;
- to provide local property tax replacement credits in Lake County;
- to provide property tax credits.

For Lake County, the ordinance must also state the following, when applicable:

"This rate is to be allocated as follows (enter allocated rate on all lines that apply):

- (4) (A)._____ (rate) Property tax replacement credits on county levies
- (B) ._____ (rate) Property tax replacement credits as follows.
 - (a) Tax revenue collected from taxpayers within the municipality of _____ is used to provide property tax credits against the property taxes imposed by the municipality.
 - (b) Tax revenue collected from taxpayers within the unincorporated area of Lake County is used to provide property tax credits against the county property taxes in the unincorporated area of Lake County.

(C) _____ (rate) Property tax replacement credits as follows.

(a) Sixty percent (60%) of the tax revenue under this section shall be used as provided in (B).

(b) Forty percent (40%) of the tax revenue shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county.

These credits shall be provided:

- a. to homestead property
- b. to all qualified residential property
- c. to all property”

IC 6-3.5-1.1-26

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-26(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

A tax rate under this section may be imposed, increased, decreased or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 (rate for public safety) of this chapter.

IC 6-3.5-1.1-26(e)

IC 6-3.5-1.1-1.5(d)

Exception.

A taxpayer that owns an industrial plant located in Jasper County is ineligible for a local property tax replacement credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date.

IC 6-3.5-1.1-26(j)

Exception.

The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

- to reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies;
- to provide local property tax replacement credits in Lake County;
- to provide property tax credits.

IC 6-3.5-1.1-26(f)

CAGIT: Rate for public safety

If a council has

- increased the CAGIT rate by imposing a tax rate of at least twenty-five hundredths of one percent (0.0025) for the property tax levy freeze (IC 6-3.5-1.1-24),
- imposed or increased the CAGIT rate by imposing a tax rate of at least twenty-five hundredths of one percent (0.0025) for the property tax relief (IC 6-3.5-1.1-26), or
- a total combined tax rate of at least twenty-five hundredths of one percent (0.0025) for the property tax levy freeze (IC 6-3.5-1.1-24) and for the property tax relief (IC 6-3.5-1.1-26),

then the council may increase the CAGIT rate by twenty-five hundredths of one percent (0.0025) for public safety.

IC 6-3.5-1.1-25(b),(c)

To impose this tax, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the public safety county adjusted gross income tax rate on the county taxpayers of _____ County. The public safety county adjusted gross income tax rate is imposed at a rate of _____ percent (._____).

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-1.1-25(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

County Option Income Tax – COIT

If a county does not have a CAGIT in effect for a given year, then that county can enact a COIT. A county may not have both a CAGIT and a COIT at the same time.

IC 6-3.5-6-8(a)

If during a particular calendar year the county wishes to impose both the CAGIT and the COIT, the COIT takes effect in that county and the CAGIT shall not take effect in that county.

IC 6-3.5-6-10

COIT Tax Rates

The county option income tax must initially be imposed at

- a resident rate of two-tenths of one percent (.002) on the resident county taxpayers
- a rate of five-hundredths of one percent (.0005) on the nonresident county taxpayers

IC 6-3.5-6-8(b)

Once COIT has been imposed

- the resident rate automatically increases by one-tenth of one percent (.001) on each succeeding October 1 until the rate equals six-tenths of one percent (.006)
- the rate in effect for the nonresident county taxpayers at all times must be one-fourth (.25) of the tax rate imposed upon resident county taxpayers

IC 6-3.5-6-8(d), (e)

Example. County H is adopting COIT for the first time. The initial required resident rate is two-tenths of one percent (.002). Next year the resident rate will automatically increase to three-tenths of one percent (.003); the following year's rate will automatically increase to four-tenths of one percent (.004). Each succeeding year the rate will increase by one-tenth of one percent (.001) until it reaches a maximum six-tenths of one percent (.006).

Example. County I has a six-tenths of one percent (.006) resident rate. Its nonresident rate is .0015, or one-fourth (.25) of the tax rate imposed on resident county taxpayers.

- If on January 1 of a calendar year the COIT rate in effect for resident county taxpayers equals six tenths of one percent (.006), the council may pass an ordinance to increase its tax rate for resident county taxpayers. Doing so will automatically increase the rate for resident county taxpayers by one-tenth of one percent (.001) in the year in which the ordinance is adopted and on each succeeding October 1 until its rate reaches a maximum of one percent (.01).

IC 6-3.5-6-9(a)

Limitation. The county income tax council of any county in which the CAGIT will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the COIT.

IC 6-3.5-6-8

Limitation. No county may adopt a combination of CAGIT and COIT.

IC 6-3.5-1.1-2(a) CAGIT

IC 6-3.5-6-8(a) COIT

Limitation

A council may, once a year, pass only one ordinance to:

- impose the county option income tax in its county;
- rescind the county option income tax in its county;
- increase the county option income tax rate for the county;
- freeze the county option income tax rate for its county;
- increase the homestead credit in its county; or
- decrease the county option income tax rate for the county.

IC 6-3.5-6-2

IC 6-3.5-6-6(a)

County income tax council meetings to consider rate adjustment

A county income tax council must before August 1 of each odd-numbered year hold at least one public meeting at which the county income tax council discusses whether the county option income tax rate should be adjusted.

IC 6-3.5-6-13.5

County income tax council; allocation of votes

In the case of a city or town that lies within more than one county, the county auditor of each county shall base allocations on the population of that part of the city or town that lies within the county for which the allocations are being made.

- Every county income tax council has a total of one hundred (100) votes.
- Every member of the county income tax council is allocated a percentage of the total one hundred (100) votes that may be cast.
- The percentage that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county.
- The percentage that the county is allocated for a year equals the same percentage that the population of all areas in the county not located in a city or town bears to the population of the county.

On or before January 1 of each year, the county auditor shall certify to each member of the county income tax council the number of votes, rounded to the nearest one hundredth (0.01), it has for that year.

IC 6-3.5-6-3

COIT: Ordinance adoption procedures for county auditors

Following are the five types of ordinances a county income tax council can adopt for county option income tax purposes and the procedures an auditor must follow once the ordinance has been adopted.

- Imposing a COIT
- Increasing a COIT rate
- Decreasing a COIT rate
- Freezing a COIT rate
- Rescinding a COIT rate

COIT: Ordinance adoption to impose the tax

The county option income tax must initially be imposed at

- a resident rate of two-tenths of one percent (.002) on the resident county taxpayers
- a rate of one-half of one percent (.005) on the nonresident county taxpayers

Once COIT has been imposed

- the resident rate automatically increases by one-tenth of one percent (.001) on each succeeding October 1 until the rate equals six-tenths of one percent (.006)
- the rate in effect for the nonresident county taxpayers at all times must be one-fourth (.25) of the tax rate imposed upon resident county taxpayers

IC 6-3.5-6-8

To impose the county option income tax, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax rate on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (.002) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (.005) on all other county taxpayers."

IC 6-3.5-6-8(c)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-8

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-6-1.5(d)

COIT: Ordinance adoption to increase the rate

The county option income tax must initially be imposed at

- a resident rate of two-tenths of one percent (.002) on the resident county taxpayers
- a rate of one-half of one percent (.0005) on the nonresident county taxpayers

Once COIT has been imposed

- the resident rate automatically increases by one-tenth of one percent (.001) on each succeeding October 1 until the rate equals six-tenths of one percent (.006)
- the rate in effect for the nonresident county taxpayers at all times must be one-fourth (.25) of the tax rate imposed upon resident county taxpayers

If on January 1 of a calendar year the county option income tax rate in effect for resident county taxpayers equals six-tenths of one percent (.006), the council may pass an ordinance to increase its tax rate for resident county taxpayers. Doing so will automatically increase the rate for resident county taxpayers by one-tenth of one percent (.001) in the year in which the ordinance is adopted and on each succeeding October 1 until its rate reaches a maximum of one percent (.01).⁵

IC 6-3.5-6-9

The county income tax council may pass an ordinance to increase the county option income tax rate if the rate has previously been frozen (see [Ordinance adoption to freeze COIT](#)).

If the county income tax council opts to adopt an ordinance to increase the county option income tax rate currently in effect, the ordinance must substantially state the following:

"The _____ County _____ increases the existing county option income tax rate from _____ percent (._____) to _____ percent (._____)".

IC 6-3.5-6-9

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

⁵ See additional exceptions and rates on pages 39 – 46.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-1.5(b)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-6-1.5(d)

COIT: Ordinance adoption to decrease the rate

The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.* The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (._____) to _____ percent (._____)".

IC 6-3.5-6-12.5(b)

***Note.** A council may not decrease the county option income tax if the county or any commission, board, department or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

IC 6-3.5-6-12.5(c)

Prohibition. A council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

IC 6-3.5-6-12.5(e)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-12.5(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-6-1.5(d)

COIT: Ordinance adoption to freeze the rate

The county option income tax must initially be imposed at

- a resident rate of two-tenths of one percent (.002) on the resident county taxpayers
- a rate of five-hundredths of one percent (.0005) on the nonresident county taxpayers

Once COIT has been imposed

- the resident rate automatically increases by one-tenth of one percent (.001) on each succeeding Oct. 1 until the rate equals six-tenths of one percent (.006)
- the rate in effect for the nonresident county taxpayers at all times must be one-fourth (.25) of the tax rate imposed upon resident county taxpayers

Additionally, if on January 1 of a calendar year the county option income tax rate in effect for resident county taxpayers equals six-tenths of one percent (.006), the council may pass an ordinance to increase its tax rate for resident county taxpayers. Doing so will automatically increase the rate for resident county taxpayers by one-tenth of one percent (.001) in the year in which the ordinance is adopted and on each succeeding October 1 until its rate reaches a maximum of one percent (.01).⁶

The county income tax council may adopt an ordinance to permanently freeze* the county option income tax rates at the rate in effect for its county on December 1 of a year.

IC 6-3.5-6-11

To **freeze** the automatic increase relating to the county option income tax rates, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on December 1 of the current year."

IC 6-3.5-6-11(c)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-11(f)

⁶ See exceptions on pages 37 – 46.

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-6-1.5(d)

COIT: Rescind ordinance to freeze the rate

If the county income tax council chooses to rescind the ordinance to freeze the COIT rate, the COIT rate will automatically increase by one-tenth of one percent (.001) until:

- the tax rate is again frozen under another ordinance adopted under this section; or
- the tax rate equals six-tenths of one percent (.006) (if the frozen tax rate equaled an amount less than six-tenths of one percent (.006)) or one percent (.01) (if the frozen tax rate equaled an amount in excess of six-tenths of one percent (.006)).

IC 6-3.5-6-11(e)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-11(f)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-6-1.5(d)

COIT: Ordinance adoption to rescind the tax

To rescind the county option income tax rates, the county income tax council must adopt an ordinance.*

IC 6-3.5-6-12(b)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-12(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-6-1.5(d)

***Note.** A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute. *(In other words, if funds from the imposition of COIT have been formally promised [pledged], then COIT cannot be rescinded until that obligation has been addressed [e.g. the pledged amount is no longer linked to COIT, is retired, is cancelled, etc.] -- Editor)*

IC 6-3.5-6-12(c)

Prohibition. A county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax.

IC 6-3.5-6-12.5(e)

COIT: Additional rate exceptions

Howard County. The COIT rate imposed may be increased up to twenty-five hundredths of one percent (.0025). The tax rate may be adopted in any increment of one hundredth of one percent (.0001).

IC 6-3.5-6-28 Howard County jail operating and maintenance income tax rate

Miami County. The COIT rate imposed may be increased to twenty-five hundredths of one percent (.0025) in increments of one hundredth of one percent (.0001).

IC 6-3.5-6-27 for jail operating and maintenance purposes

Monroe County. The COIT rate imposed may be increased up to twenty-five hundredths of one percent (.0025).

IC 6-3.5-6-33 to fund juvenile detention center

Scott County. The COIT rate imposed may be increased up to twenty-five hundredths of one percent (.0025).

IC 6-3.5-6-29 to fund jail facilities

COIT: Rate for property tax levy freeze

The county income tax council may impose or increase (as applicable) a tax rate under this section. A tax rate imposed under this section may not exceed one percent (.01). A county income tax council must each year hold at least one public meeting at which the county income tax council discusses whether the tax rate under this section should be imposed or increased. This tax rate is in addition to any other taxes imposed under this chapter.

IC 6-3.5-6-30

Note. If the county income tax council imposes a tax rate under this section, the portion of county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

IC 6-3.5-6-30(I)

To **impose** this tax, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the property tax levy freeze county option income tax rate on the county taxpayers of _____ County. The property tax levy freeze county option income tax rate is imposed at a rate of _____ percent (._____).

The tax rate for the immediately following year is imposed at the rate of _____ percent (._____)*."

IC 6-3.5-6-30

*The county income tax council must specify (in the ordinance imposing the tax rate) the tax rate for the following year.

IC 6-3.5-6-30(e)

To **increase** a tax rate under this section, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ county income tax council increases the property tax levy freeze county option income tax rate on the county taxpayers of _____ County. The property tax levy freeze county option income tax rate is increased to a rate of _____ percent (._____)."'

IC 6-3.5-6-30

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.

2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-30(c)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

COIT: Rate for property tax relief

A county income tax council may impose a tax rate under this section to provide property tax relief to taxpayers in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

IC 6-3.5-6-32(a)

This tax rate may be imposed in increments of five-hundredths of one percent (0.0005), not exceed one percent (.01).

IC 6-3.5-6-32(b)

A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

IC 6-3.5-6-32(c)

A tax rate under this section may be imposed, increased, decreased or rescinded by a county income tax council at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 (rate for property tax levy freeze) of this chapter.

IC 6-3.5-6-32(e)

To impose this tax, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the property tax relief county option income tax rate on the county taxpayers of _____ County. The property tax relief county option income tax rate is imposed at a rate of _____percent (._____). This rate is to be allocated as follows (enter allocated rate on all lines that apply):

- (1) ._____ (rate) Provide property tax replacement credits at a uniform rate.
 - a. Estimates of the amount of property tax replacement credits to be provided to homestead property, other residential property, commercial property, industrial property and agricultural property have been made available to the public.
 - b. We acknowledge that some taxpayers that do not pay this tax rate will receive property tax replacement credits funded by this tax rate.
- (2) ._____ (rate) Uniformly provide the homestead credit percentage.
- (3) ._____ (rate) Provide local property tax credits at a uniform rate for all qualified residential property."

NOTE: The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

- to reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies;
- to provide local property tax replacement credits in Lake County;
- to provide property tax credits.

For Lake County, the ordinance must also state the following, when applicable:

“This rate is to be allocated as follows (enter allocated rate on all lines that apply):

(A) . _____ (rate) Property tax replacement credits on county levies

(B) . _____ (rate) Property tax replacement credits as follows.

(a) Tax revenue collected from taxpayers within the municipality of _____ is used to provide property tax credits against the property taxes imposed by the municipality.

(b) Tax revenue collected from taxpayers within the unincorporated area of Lake County is used to provide property tax credits against the county property taxes in the unincorporated area of Lake County.

(C) . _____ (rate) Property tax replacement credits as follows.

(a) Sixty percent (60%) of the tax revenue under this section shall be used as provided in (B).

(b) Forty percent (40%) of the tax revenue used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county.

These credits shall be provided to: homestead property; to all qualified residential property; to all property.”

IC 6-3.5-6-32

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-6-32(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

COIT: Rate for public safety

The county income tax council may impose an additional tax rate under this section to provide funding for public safety if

- the county income tax council has imposed a property tax levy freeze under section 30 of this chapter, in the case of a county containing a consolidated city; or
- the county income tax council has imposed a tax rate of at least twenty-five hundredths of one percent (.0025) under section 30 of this chapter (property tax levy freeze), a tax rate of at least twenty-five hundredths of one percent (.0025) under section 32 of this chapter (property tax relief), or a total combined tax rate of at least twenty-five hundredths of one percent (.0025) under sections 30 and 32 of this chapter, in the case of a county other than a county containing a consolidated city.

IC 6-3.5-6-31(b)

A tax rate under this section may not exceed:

- five-tenths of one percent (.005), in the case of a county containing a consolidated city, or
- twenty-five hundredths of one percent (.0025), in the case of a county other than a county containing a consolidated city.

IC 6-3.5-6-31(c)

The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

IC 6-3.5-6-31(i)

To impose this tax, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the public safety county option income tax rate on the county taxpayers of _____ County. The public safety county option income tax rate is imposed at a rate of _____ percent (._____).

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

C 6-3.5-6-31(d)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-1.1-1.5(d)

County Economic Development Income Tax – CEDIT

CEDIT Tax Rates

The county economic development income tax may be imposed on the adjusted gross income of county taxpayers.

The entity that may impose the tax is:

- the county income tax council if the COIT is in effect on October 1 of the year the CEDIT is imposed;
- the county council if the CAGIT is in effect on October 1 of the year the CEDIT is imposed; or
- the county income tax council or the county council, whichever acts first, for a county that has not adopted CEDIT or CAGIT.

IC 6-3.5-7-5(a)

The county economic development income tax may be imposed at a rate of:

- one-tenth percent (.001);
- two-tenths percent (.002);
- twenty-five hundredths percent (.0025);
- three-tenths percent (.003);
- thirty-five hundredths percent (.0035);
- four-tenths percent (.004);
- forty-five hundredths percent (.0045); or
- five-tenths percent (.005);

on the adjusted gross income of county taxpayers.

IC 6-3.5-7-5(b)

Limitation. The CEDIT rate plus the CAGIT rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (.0125).⁷

IC 6-3.5-7-5(c)

Limitation. The CEDIT rate plus the COIT rate, if any, that are in effect on January 1 of a year may not exceed one percent (.01).⁸

IC 6-3.5-7-5(c)

Limitation. A council that decreases the CAGIT rate in a year may not in the same year adopt or increase the CEDIT.

IC 6-3.5-1.1-3.1(d)

Limitation. A council that decreases the COIT rate in a year may not in the same year adopt or increase the CEDIT.

IC 6-3.5-6-12.5(e)

⁷ See exceptions on pages 48 – 53.

⁸ See exceptions on pages 48 – 53.

Ordinance Adoption Process for CEDIT

To impose, increase, decrease, or rescind the county economic development income tax, the council must adopt an ordinance, which must substantially state the following:

"The _____ County _____ imposes the county economic development income tax rate on the county taxpayers of _____ County. The county economic development income tax rate is imposed at a rate of _____ percent (._____) on the county taxpayers of the county."

"The _____ County _____ increases the county economic development income tax rate on the county taxpayers of _____ County. The county economic development income tax rate is increased to a rate of _____ percent (._____) on the county taxpayers of the county."

"The _____ County _____ decreases the county economic development income tax rate on the county taxpayers of _____ County. The county economic development income tax rate is decreased to a rate of _____ percent (._____) on the county taxpayers of the county."

"The _____ County _____ rescinds the county economic development income tax rate on the county taxpayers of _____ County."

IC 6-3.5-7-5;6

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-7-5(f)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-7-4.9(d)

Exceptions

Daviess County. The CEDIT rate plus the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (.015).

IC 6-3.5-7-5(k)

Elkhart County. The CEDIT rate plus the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (.015).

IC 6-3.5-7-5(l)

Howard County. The sum of the CEDIT rate and the COIT rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (.0125).

IC 6-3.5-7-5(s)

Jackson County. The CEDIT rate plus the CAGIT rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (.0135) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (.011) under IC 6-3.5-1.1-2.5.

IC 6-3.5-7-5(g)

Jasper County. The sum of the CEDIT rate and the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (.015).

IC 6-3.5-7-5(u)

Knox County.

- The CEDIT may be imposed at a rate of twenty-five hundredths percent (.0025). The sum of
 - the CEDIT rate and the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (.015); or
 - the CEDIT rate and the COIT rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (.0125).

IC 6-3.5-7-5(n)

- **Additional rate for county jail facilities; fund; use of additional revenue**

In addition to the rates permitted by section 5 of this chapter (IC 6-3.5-7-5), the council may impose the CEDIT at a rate of twenty-five hundredths of one percent (.0025) if it is determined that revenues from the county economic development income tax are needed to pay the costs of financing, constructing, acquiring, renovating and equipping a county jail including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating and equipping a county jail.

IC 6-3.5-7-24

Marshall County. The sum of the CEDIT rate and the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (.015).

IC 6-3.5-7-5(l)

Monroe County. If an ordinance is adopted under IC 6-3.5-6-33, the sum of the CEDIT rate and the COIT rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (.0125).

IC 6-3.5-7-5(x)

Perry County. If an ordinance is adopted under section 27.5 of this chapter, the CEDIT rate plus the COIT rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (.0175).

IC 6-3.5-7-5(y)

- **Additional rate to fund Perry county jail, related buildings; repay certain bonds, leases**

In addition to the rates permitted under section 5 of this chapter, the council may impose CEDIT at a rate not to exceed five-tenths of one percent (.005). The tax imposed under this section may be imposed only until the later of the year in which the financing on, acquisition, improvement, renovation, remodeling and equipping are completed or the year in which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, remodeling and equipping described in subsection (b)(1) is fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

IC 6-3.5-7-27.5

- **Limitation**

The tax imposed under this section may be imposed only until the later of the year in which the financing on, acquisition, improvement, renovation, remodeling and equipping described in subsection (c) are completed or the year in which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, remodeling and equipping described in subsection (b)(1) is fully paid. The term of the bonds or a lease may not exceed twenty-five (25) years.

IC 6-3.5-7-27.5(d)

Pulaski County. The CEDIT rate plus the CAGIT rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (.0155).

IC 6-3.5-7-5(h)

Randolph County

- The CEDIT rate may be imposed at a rate of twenty-five hundredths percent (.0025), and the sum of the CEDIT tax rate and the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (.015).

IC 6-3.5-7-5(j)

- **Additional rate for hospital, county courthouse, and volunteer fire department**

In addition to the rates permitted by section 5 of this chapter, the council may impose CEDIT at a rate of twenty-five hundredths percent (.0025) to pay certain costs of the county courthouse; renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions; and a volunteer fire department.

The tax rate may not be imposed at a rate or for a time greater than is necessary to pay for the purposes described in this section.

IC 6-3.5-7-22.5

Scott County. The sum of the CEDIT rate and the COIT rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (.0125).

IC 6-3.5-7-5(t)

Starke County.

- If an ordinance is adopted under section 27.6 of this chapter, the CEDIT rate plus the CAGIT that is in effect on January 1 of the year may not exceed two percent (.02).

IC 6-3.5-7-5(z)

- **Additional rate for county jail and related buildings**

In addition to the rates permitted by section 5 of this chapter, the council may impose CEDIT at a rate not to exceed sixty-five hundredths percent (.0065) for the county to address jail capacity and appropriate inmate living conditions.

A tax rate imposed under this section may be imposed only until the later of:

- the date on which the last of any bonds issued or leases entered into to finance the facilities are fully paid; or
- the date on which the ordinance under subsection (c) or (d) is repealed or rescinded;
- the term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

IC 6-3.5-7-27.6

Union County. The CEDIT rate plus the county CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths of one percent (.015).

IC 6-3.5-7-5(m)

Wayne County. The CEDIT rate plus the CAGIT rate that are in effect on January 1 of a year may not exceed one and five-tenths of one percent (.015).

IC 6-3.5-7-5(i)

Additional exceptions to the CEDIT rate

LaPorte County: limitation

The council may adopt or increase any CEDIT rate under IC 6-3.5-7 in the same year that the council decreases the CAGIT rate if the CEDIT rate plus the CAGIT rate in effect after the council decreases the CAGIT rate is less than the CAGIT rate in effect before the adoption of an ordinance under this section decreasing the CAGIT rate.

IC 6-3.5-1.1-3.1(e)

Hancock County: library property taxes; replacement credits

The council may designate up to fifteen-hundredths of one percent (.0015) of the CEDIT revenue to be used to replace public library property taxes imposed by public libraries in the county.

IC 6-3.5-7-23

CEDIT: Additional tax rate to finance courthouse

A county that operates a courthouse that is subject to an order issued by a federal district court may be eligible to increase the imposed CEDIT rate by an amount which may not exceed twenty-five hundredths percent (.0025).

IC 6-3.5-7-27

To impose this tax, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes an additional tax rate to finance a courthouse county economic development income tax on the county taxpayers of _____ County. The additional tax rate to finance a courthouse county economic development income tax is imposed at a rate of _____percent (._____)."

IC 6-3.5-7-27(c)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote, the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) website for information on how to accomplish this.

IC 6-3.5-7-5(f)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-7-4.9(d)

CEDIT: Additional tax rate for regional development authorities

This applies only to a county that is a member of a regional development authority under IC 36-7.6. In addition to the rates permitted by section 5 of this chapter, the entity that imposed CEDIT under section 5 of this chapter may by ordinance impose an additional CEDIT at a rate of:

- in the case of a county described in IC 36-7.6-4-2(b)(2), twenty-five thousandths of one percent (.0025); or
- in the case of any other county to which this section applies, five-hundredths of one percent (.0005).

IC 6-3.5-7-28

To impose this tax, the council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes an additional tax rate for regional development authorities county economic development income tax on the county taxpayers of _____ County. The additional tax rate for regional development authorities county economic development income tax is imposed at a rate of _____ percent (._____).

IC 6-3.5-7-28(b)

Requirements to record and submit ordinance

1. The county auditor must record all votes taken on ordinances presented for a vote.
2. Within 10 days of the vote the county auditor must send a certified copy of the results to:
 - the commissioner of the Department of Revenue,
 - the director of the State Budget Agency, and
 - the commissioner of the Department of Local Government Finance.

The certified copy must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) for information on how to accomplish this.

IC 6-3.5-7-5(f)

Failure to meet ordinance adoption requirements

The county auditor will be contacted if the department determines that an ordinance was not adopted according to the requirements, or is otherwise not in compliance with the requirements.

The department will specify the corrective action that must be taken. This action must be completed for the ordinance to be adopted. The action requested by the ordinance will not be in effect until the corrective action is taken, as determined by the department.

IC 6-3.5-7-4.9(d)

CEDIT: Additional tax rate for property tax mitigation

A county may have an additional CEDIT up to twenty-five hundredth of one percent, .0025, used to mitigate property tax increases resulting from the repeal of inventory tax and exemption of inventory for property tax.

IC 6-3.5-7-5(o)

Declaration of County Tax Rates – Form DCTR

Indiana’s county auditors are required to complete and file a Declaration of County Tax Rates (Form DCTR) with the department on an annual basis, regardless of whether or not any ordinances have been adopted during the year. This declaration must be filed by September 15 of the tax year.

Certified copies of ordinances reflecting any current-year modifications to any LOITs, including adopting and/or modifying a rate, must accompany the declaration, Form DCTR. The declaration must be sent via an electronic format. Log on to the [Indiana Gateway for Government Units](#) for information on how to accomplish this.

Important. If a county council adopts, modifies or rescinds a LOIT after Aug. 31 and before Nov. 1 of the year, a second declaration, Form DCTR-1, must be filed by Nov. 20 of the tax year. Certified copies of the ordinances reflecting modifications to any LOITs made during this time period must be submitted with the filing of the declaration, Form DCTR-1.

See a sample of the Form DCTR on the next two pages.



Declaration of County Tax Rates
Fiscal Year Oct. 1, 2013 – Sept. 30, 2014

Due Sept. 16, 2013

County Name _____

NOTE: If rates have changed, an official copy of the ordinance(s) must be attached to this declaration. Minutes from a meeting will not be accepted.

CAGIT	Current Year Rates Year ending Sept. 30, 2013	Proposed Rates Oct. 1, 2013 – Sept. 30, 2014
County Adjusted Gross Income Tax IC 6-3.5-1.1		
Property tax levy freeze IC 6-3.5-1.1-24		
Property tax relief IC 6-3.5-1.1-26		
Public safety IC 6-3.5-1.1-25		
Correctional facility *IC 6-3.5-1.1-		
Other IC 6-3.5-1.1-3.6		
Net of Rates		

*Fill in the section number (last number after "1.1-") which is directly attributed to your county.

COIT	Current Year Rates Year ending Sept. 30, 2013	Proposed Rates Oct. 1, 2013 – Sept. 30, 2014
County Option Income Tax IC 6-3.5-6		
Property tax levy freeze IC 6-3.5-6-30		
Property tax relief IC 6-3.5-6-32		
Public safety IC 6-3.5-6-31		
Other *IC 6-3.5-6-		
Net of Rates		

*Fill in the section number (last number after "6-") which is directly attributed to your county.

CEDIT	Current Year Rates Year ending Sept. 30, 2013	Proposed Rates Oct. 1, 2013 – Sept. 30, 2014
County Economic Development Income Tax IC 6-3.5-7		
Finance Courthouse IC 6-3.5-7-27		
Regional Developmental Authorities IC 6-3.5-7-28		
Other *IC 6-3.5-7- *IC 6-3.5-7-		
Net of Rates		

*Fill in the section number (last number after "7-") which is directly attributed to your county.

Note: Enter rate in numeric format. *Example.* If rate is 1 percent, enter as .01. If you have no tax rate, enter N/A.

County Auditor

Printed Name _____

Signature _____

Date _____

County Attorney

Printed Name _____

Signature _____

Date _____

Head of Enabling Body

Name of Organization _____

Title _____

Printed Name _____

Signature _____

Date _____

This document **must** be in the possession of the Indiana Dept. of Revenue, Tax Policy Division, by September 16, 2013. It is the **sole responsibility of each county** to ensure the information provided in this document is correct. If you have any questions, please contact Jeff Raney in the Tax Policy Division at (317) 232-7630, or jraney@dor.in.gov.

Upload the completed document by logging on to the Indiana Gateway for Government Units at www.in.gov/dlgf/8918.htm, or mail documents via Express Mail or FedEx to:

Indiana Dept. of Revenue
Tax Policy Division, Rm. N-248
100 N. Senate Ave., MS-102
Indianapolis, IN 46204

Contact information (where to mail / email / upload)

- **Indiana Department of Revenue**

Jeff Raney
Statistician
Tax Policy Division, Rm. N-248
100 N. Senate Ave., MS-102
Indianapolis, IN 46204
Email: <mailto:jraney@dor.in.gov>
Phone: 317-232-7630

- **Indiana Department of Local Government Finance**

Courtney Schaafsma
Budget Director
Indiana Department of Local Government Finance
100 N. Senate Ave., Room N1058
Indianapolis, IN 46204
Email: <mailto:cschaafsma@dlgf.in.gov>
Phone: 317-234-3937

- **State Budget Agency**

Vanessa DeVeau-Bachle
Tax and Revenue Analyst
212 State House
Indianapolis, IN 46204
Email: mailto:vdeveau_bachle@sba.in.gov
Phone: 317-232-5634

- The ordinances and Declaration of County Tax Rates (Form DCTR) must be sent via an electronic format. Log on to the Indiana Gateway for Government Units at www.in.gov/dlgf/8918.htm for information on how to accomplish this.
- Indiana Code cites referenced within this publication may be accessed online at www.in.gov/legislative/ic/code.

Employer withholding requirements for county tax purposes

Employees are required to complete (and keep updated*) Form WH-4, *Employee's Withholding Exemption and County Status Certificate*. Information reported on the form includes the county where the employee lived and worked on Jan. 1 of the current year.

*Current-year updates to county tax information on Form WH-4 are not in effect until Jan. 1 of the following year.

Using information from Form WH-4, the employer will withhold county tax for the employee:

- at the resident rate if, on Jan. 1 of the current year, the employee lived in a county that has imposed a county tax
- at the nonresident rate if, on Jan. 1 of the current year, the employee lived in a county that has not imposed a county tax but worked in a county that has imposed a county tax

Employers withhold county tax at the current rate imposed by the county.

Example. On Jan. 1 the taxpayer lived in a county that has imposed the county adjusted gross income tax. The individual's employer withholds CAGIT based on the .001 resident rate imposed by the county.

Example. On Jan. 1 the taxpayer lived in a county that has imposed the county economic development income tax at the resident rate of .002. The council increased the .002 CEDIT rate to .003, effective Oct. 1 of the current year. From Jan. 1 through Sept. 30 the employer withheld COIT at the .002 rate; beginning Oct. 1, the employer withheld COIT at the new .003 rate.

Example. Cody moved to Illinois from Indiana County L and continued working in County L. Cody's employer will continue to withhold county tax for County L at the resident rate until the end of the current year. The employer will begin withholding for County L at the nonresident rate beginning Jan. 1 of the following year.

County tax rates published

The department publishes the combined county tax rates in two different areas.

- Employers (withholding agents) will find the most current county tax rates to use for withholding purposes in [Departmental Notice #1](#). This notice is updated with the most current rates every Oct. 1 and again on Jan. 1 if any rates have changed from the Oct. 1 publication.
- Individual income tax forms used to figure the individual's annual county tax liability.

Both publications list the combined rates for each county. For example, a CAGIT rate of .01 plus a CEDIT rate of .005 will be published as a combined rate of .015.

Note: Sometimes the rates in the two publications do not match

While employers must withhold county tax at the current published rate (as provided in Departmental Notice #1), figuring an individual's annual county tax liability will require using a modified rate if the rate changed during the current year.

Example. Jim lives in a county that has imposed a .01 county tax rate. This rate was not changed during the current year.

- The employer withholds using the .01 rate.
- When Jim files his income tax return for the current year, he will figure his county tax using the .01 rate.

Example. Olivia lives in a county that has imposed a .01 county tax rate. This rate was increased to .015 effective Oct. 1 of the current year.

Olivia's employer

- withholds from Jan. 1 through Sept. 30 using the .01 rate, then
- withholds Oct. 1 through Dec. 31 using the increased .015 rate.

When Olivia files her income tax return for the current year, she will figure her county tax using the prorated rate* of .01125. She will find this rate on the county tax chart published with the county tax Schedule CT-40/CT-40EZ/CT-40PNR.

***Tax effective for less than taxable year; calculation**

If the county tax is not in effect during a county taxpayer's entire taxable year, then the amount of tax that the county taxpayer owes for that taxable year equals the product of:

- the amount of county tax the taxpayer would owe if the tax had been imposed during the entire taxable year; multiplied by
- a fraction. The numerator of the fraction equals the number of days during the taxable year during which the county tax was in effect. The denominator of the fraction equals three hundred sixty-five (365).

Example. County J imposed a .01 county tax rate effective Oct. 1 of the current year. The rate was in effect for 92 days (all of October, November and December). When filing the tax return for the current year, the resident county taxpayer will figure the county tax on the taxpayer's annual adjusted gross income at the rate of .0025 (.01 rate X [92 days in effect/365 days in the year]).

Example. County K increased the current .02 county tax rate by .01 effective Oct. 1 of the current year. The new rate is .03. The .01 increase was in effect for 92 days (all of October, November and December). When filing the tax return for the current year, the resident county taxpayer will figure CEDIT on the taxpayer's adjusted gross income at the rate of .0225 (.01 rate increase X [92 days in effect/365 days in the year] + .02 previous rate).

IC 6-3.5-1.1-5 CAGIT

IC 6-3.5-6-15 COIT

IC 6-3.5-7-8 CEDIT

Definitions

Adjusted gross income – has the same definition that the term is given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer who is not a resident of a county that has imposed the county adjusted gross income tax, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

CAGIT – County Adjusted Gross Income Tax [IC 6-3.5-1.1](#)

CEDIT – County Economic Development Income Tax [IC 6-3.5-7](#)

COIT – County Option Income Tax [IC 6-3.5-6](#)

County council – includes the fiscal body of the county and the city-county council of a consolidated city.

County income tax council – is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

County nonresident taxpayer – an individual who lives out-of-state on Jan. 1 of the tax year but whose principal employment is in an Indiana county. This taxpayer will figure his county tax liability based of the county's **nonresident rate**.

County resident taxpayer – an individual who lives in an Indiana adopting county on Jan. 1 of the tax year. This taxpayer will figure his county tax liability based of the county's **resident rate**.

Ordinances; procedure for proposal; voting – Any member of a county income tax council may present an ordinance for passage. To do so, the member must pass a resolution to propose the ordinance to the county income tax council and distribute a copy of the proposed ordinance to the auditor of the county. The auditor of the county shall treat any proposed ordinance presented to the auditor under this section as a casting of all that member's votes in favor of that proposed ordinance. The auditor of the county shall deliver copies of a proposed ordinance the auditor receives to all members of the county income tax council within ten (10) days after receipt. Once a member receives a proposed ordinance from the auditor of the county, the member shall vote on it within thirty (30) days after receipt.

School corporation –any public school corporation established under Indiana law.

