

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE  
BUDGET DIVISION



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

**TO:** All Local Officials

**FROM:** Brian E. Bailey, Commissioner *BEB*

**SUBJECT:** Guidance on 2011 Undistributed and 2012 Additional County Adjusted Gross Income Tax (CAGIT) Property Tax Replacement Credit (PTRC) Distributions

**DATE:** May 25, 2012

The purpose of this memo is to provide taxing units which receive County Adjusted Gross Income Tax (CAGIT) Property Tax Replacement Credit (PTRC) distributions with guidance on how to handle the recent distribution of 2011 undistributed CAGIT PTRC amounts and the additional CAGIT PTRC amounts to be received in 2012.

For counties which impose a County Adjusted Gross Income Tax (CAGIT), a portion of the certified distribution is dedicated to Property Tax Replacement Credits (PTRC). Per IC 6-3.5-1.1-14(c), "a civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5."

For the normal processing of budgets, the Department applies the expected PTRC distribution for the budget year against the appropriate fund or funds of the taxing unit, thereby reducing the final certified levies for the impacted funds. In addition, this amount also is removed from the maximum levy allowable for the unit per IC 6-1.1-18.5. For the purposes of certifying the 2012 budgets, the Department applied the PTRC expected to be received in 2012 to the appropriate funds and maximum levies.

Based on the timing of the release of the updated PTRC values for 2011 and 2012, it is not practical at this point to update certified levies for these units for these years to account for the updated PTRC values. As a result, the units will be receiving more in PTRC than the amount of relief budgeted in the 2011 and 2012 certified budgets.

**To address this situation, the Department directs taxing units to place the additional PTRC above the original certification of the PTRC amounts for 2011 and 2012 into their levy excess fund. Levy excess is defined in IC 6-1.1-18.5-17 as "the part of the ad valorem property tax levy actually collected by a civil taxing unit, for taxes first due and payable during a particular calendar year, that exceeds the civil taxing unit's ad valorem property tax levy, as approved by the department of local government finance under IC 6-1.1-17." There is similar language for schools in IC 20-44-3. The Department will then require the taxing unit to include this amount in its levy excess fund when fixing the civil taxing unit's budget under IC 6-1.1-17 for the 2013 budget year.**

If you have any questions, please contact Courtney Schaafsma at [cschaafsma@dlgf.in.gov](mailto:cschaafsma@dlgf.in.gov) or 317.234.3937.