# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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## *Certification of Local Option Income Tax – Budget Year 2015*
*Lawrence County*

### Operating (Levy Freeze) LOIT

An ordinance to adopt any of the LOIT options described below may be adopted anytime **before November 1, 2014.** The Operating (Levy Freeze) LOIT effectively freezes the maximum property tax levies for an adopting county's civil units of government and replaces the annual maximum levy growth with income tax (LOIT) proceeds. This rate is capped at 1% and is annually recertified for each county by the Department of Local Government Finance ("Department").

**Please Note:** Indiana Code 6-3.5-1.1-24(h) dictates that once adopted, a rate for Operating (Levy Freeze) LOIT is permanent: "[...] a county council may not decrease or rescind a tax rate imposed under this chapter." Also, once a rate is adopted for the Operating (Levy Freeze) LOIT, property tax maximum permissible levies are frozen as of the year of adoption and cannot grow annually as they normally would.

Indiana Code 6-3.5-1.1-24 requires the Department and the Department of Revenue ("DOR") to certify the CAGIT rate that must be imposed in a county to raise tax revenues as specified. The rate that the Department certifies MUST be adopted by the governing body for each of the first two years (2015 and 2016). Therefore, the Department and the DOR certify the following rates for Lawrence County:

| | 2015 | 2016 |
|---|---|---|
| **Estimated Amount Needed:** | 539,807 | 1,094,189 |
| **Corresponding Income Tax Rate:** | *0.0713* | *0.1444* |
| **Income Tax Rate including First Year Stabilization Fund*:** | *0.1426%* | *0.1444%* |

*The Department-Certified Levy Freeze Income Tax Rate for 2015 is the rate that must appear in an adoption ordinance. This rate has been doubled to include the portion of the rate required for the stabilization fund.

Dated this 29th day of August, 2014.

**Courtney L. Schaafsma, Commissioner**
**Department of Local Government Finance**

## Other LOIT Options

**Property Tax Relief LOIT**
Indiana Code 6-3.5-1.1-26 also allows a county to adopt an additional CAGIT to:

1. Provide local property tax replacement credits to all property;
2. Provide or increase the homestead credit percentage uniformly; or
3. Provide local property tax replacement credits to qualified residential property.

This additional CAGIT can be raised in increments of 0.05% up to a maximum of 1.00%.

**Public Safety LOIT**
Indiana Code 6-3.5-1.1-25 also allows a county to adopt an additional CAGIT for Public Safety. In order to adopt this additional CAGIT, a county must have adopted a 0.25% rate for the additional CAGIT for Operating (Levy Freeze), the CAGIT for Property Tax Relief, or a combination of both. The Public Safety CAGIT rate can be adopted up to a maximum of 0.25%.