

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## *Certification of Local Option Income Tax – Budget Year 2016 Pike County*

### **Operating (Levy Freeze) LOIT**

An ordinance to adopt any of the LOIT options described below may be adopted anytime before **November 2, 2015**. 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 (CAGIT) or 6-3.5-6-30 (COIT)(h) dictates that once adopted, a rate for Operating (Levy Freeze) LOIT is permanent: "[...] a county [income tax] 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 (CAGIT) or 6-3.5-6-30 (COIT) requires the Department and the Department of Revenue ("DOR") to certify the CAGIT/COIT 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 (2016 and 2017). Therefore, the Department and the DOR certify the following rates for Pike County:

	<u>2016</u>	<u>2017</u>
<b>Estimated Amount Needed:</b>	\$204,455	\$519,112
<b>Corresponding Income Tax Rate:</b>	<u>0.0783%</u>	<u>0.1989%</u>
<b><u>Income Tax Rate including First Year Stabilization Fund*:</u></b>	<u>0.1566%</u>	<u>0.1989%</u>

\*The Department-Certified Levy Freeze Income Tax Rate for 2016 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 31<sup>st</sup> day of August, 2015.

  
Courtney L. Schaafsma, Commissioner  
Department of Local Government Finance

## **Other LOIT Options**

### **Property Tax Relief LOIT**

Indiana Code 6-3.5-1.1-26 (CAGIT) or 6-3.5-6-32 (COIT) also allows a county to adopt an additional CAGIT/COIT 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/COIT 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 (CAGIT) or 6-3.5-6-31 (COIT) also allows a county to adopt an additional CAGIT/COIT for Public Safety. Counties do not need to adopt the additional CAGIT/COIT for Operating (Levy Freeze), the CAGIT/COIT for Property Tax Relief or a combination of both in order to adopt an additional CAGIT/COIT for Public Safety. The Public Safety CAGIT/COIT rate can be adopted up to a maximum of 0.25%.