

Indiana
 Department of Local Government Finance
Committed to a fair and equitable property tax system for Hoosier taxpayers.

Local Income Tax

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 Commissioner

October 6, 2016

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 **Now Until October 31, 2016**

- The adopting body can adopt a resolution or ordinance to add, modify, or rescind a local income tax rate.
 - Adopting body
 - County council – former CAGIT counties
 - Local income tax council – former COIT counties
 - Local income tax rate
 - Property Tax Relief Rate
 - Expenditure Rate
 - Special Purpose Rate

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 **Now Until October 31, 2016**

- To make any modifications to the existing LIT rates, the adopting body must utilize the templates provided by the Department on August 11, 2016.
 - <http://in.gov/dlgf/2444.htm>
 - Public hearing notice template
 - Resolution/ordinance templates for a variety of changes

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 **Now Until October 31, 2016**

- The adopting body may request that the Department review the proposed notices and resolutions/ordinances prior to proceeding with them.
- A properly-noticed public hearing must be held prior to taking action on a proposed resolution/ordinance.
- Within 10 days of adoption of a LIT rate change, the county auditor must upload the resolution/ordinance on Gateway in order to submit the LIT rate change to the State.

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 **Now Until October 31, 2016**

- Property Tax Relief Rate
 - For tax credits payable in 2017, the adopting body cannot directly modify the allocation of the credits among property taxpayer type.
 - 1% Taxpayers
 - 2% Taxpayers
 - 3% Taxpayers
 - Residential
 - Rental
 - Taxpayers that would have qualified for the homestead deduction if they had filed.

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 **Now Until October 31, 2016**

- Property Tax Relief Rate
 - An adopting body could increase or decrease the property tax relief rate and specify in the resolution/ordinance which credit category should be impacted by the change in rate.
 - It is not possible to do a decrease of one credit category and an increase of another credit category to arrive at the same rate.
 - Applicable from July 1 to October 31.

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Now Until October 31, 2016

- Effective date of Property Tax Relief rate changes:
 - Adopted between January 1 and August 31, 2016
 - Tax is effective October 1, 2016, meaning this is the date on which payroll withholdings for the tax would start.
 - The LIT rate change will impact credits provided in Pay 2017.
 - Adopted between September 1 and October 31, 2016
 - Tax is effective January 1, 2017.
 - The LIT rate change will impact credits provided in Pay 2017.

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Now Until October 31, 2016

- Expenditure Rate
 - For distributions in 2017, the adopting body cannot directly modify the allocation of the expenditure rate revenue among the following uses:
 - Certified Shares
 - Public Safety
 - Economic Development

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Now Until October 31, 2016

- Expenditure Rate
 - An adopting body could increase or decrease the expenditure rate and specify in the resolution/ordinance which use should be impacted by the change in rate.
 - It is not possible to do a decrease of one use type and an increase of another use type to arrive at the same rate.
 - Applicable from July 1 to October 31.

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Now Until October 31, 2016

- Effective date of Expenditure rate changes:
 - Adopted between January 1 and August 31, 2016
 - Tax is effective October 1, 2016.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.
 - Adopted between September 1 and October 31, 2016
 - Tax is effective January 1, 2017.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.

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Now Until October 31, 2016

- Special Purpose Rate
 - If authorized by the General Assembly, the adopting body can add, modify, or rescind the special purpose tax rate allowed in the county.

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Now Until October 31, 2016

- Effective date of Special Purpose rate changes:
 - Adopted between January 1 and August 31, 2016.
 - Tax is effective October 1, 2016.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.
 - Adopted between September 1 and October 31, 2016.
 - Tax is effective January 1, 2017.
 - The distribution of revenue impacted by the rate change will start January 1, 2017.

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November – December 2016

- It is possible to make rate changes in November and December, though the effective date (start of payroll withholding) of the rate change would be October 1, 2017.
- Property Tax Relief rate changes would impact credits provided in 2018.
- Expenditure rate changes would impact distributions of revenue in 2018.
- Special Purpose rate changes would impact distributions of revenue in 2018.

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January – June 2017

- The adopting body can modify the allocations of revenue associated with the Property Tax Relief rate and/or the Expenditure rate.
- Modifications of allocations do not change the rate imposed for Property Tax Relief or Expenditure. Instead, it changes the use of the revenue generated by the existing rates.
- Modifications in the allocations will first become effective in 2018.

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January – June 2017

- Property Tax Relief rate allocations:
 - Modifications of the allocations will adjust which credit categories would receive a property tax relief credit in Pay 2018.
- Expenditure rate allocations:
 - Modifications of the allocations would adjust which use type would receive revenue in Pay 2018.

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January – October 2017

- The adopting body can adopt a resolution or ordinance to add, modify, or rescind a local income tax rate.
- This process would be similar to the process discussed earlier in the “Now Until October 31, 2016” section.

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Property Tax Relief Rate

Date of Adoption of Rate Change	Effective Date of Rate Change (Payroll Withholding)	Change in Property Tax Credits Provided
January 1, 2017 – August 31, 2017	October 1, 2017	Pay 2018
September 1, 2017 – October 31, 2017	January 1, 2018	Pay 2018
November 1, 2017 – December 31, 2017	October 1, 2018	Pay 2019

Date of Modification of Allocation Among Credit Categories	Change in Property Tax Credits Provided
January 1, 2017 – June 30, 2017	Pay 2018

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Expenditure Rate

Date of Adoption of Rate Change	Effective Date of Rate Change (Payroll Withholding)	Change in Distribution of Revenue
January 1, 2017 – August 31, 2017	October 1, 2017	Pay 2018
September 1, 2017 – October 31, 2017	January 1, 2018	Pay 2018
November 1, 2017 – December 31, 2017	October 1, 2018	Pay 2019

Date of Modification of Allocation Among Credit Categories	Change in Distribution of Revenue
January 1, 2017 – June 30, 2017	Pay 2018

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Special Purpose Rate

Date of Adoption of Rate Change	Effective Date of Rate Change (Payroll Withholding)	Change in Distribution of Revenue
January 1, 2017 – August 31, 2017	October 1, 2017	Pay 2018
September 1, 2017 – October 31, 2017	January 1, 2018	Pay 2018
November 1, 2017 – December 31, 2017	October 1, 2018	Pay 2019

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Contact the Department

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