

How Does the LOIT to Freeze Property Tax Levy Work?

For example purposes, Maximum Levy Growth each year will equal one percent (3%).

Without the LOIT to Freeze Property Tax Levy



Year X
Maximum Levy =
\$100,000



Year 1
Maximum Levy =
\$103,000



Year 2
Maximum Levy =
\$106,090



Year 3
Maximum Levy =
\$109,273



Year 4
Maximum Levy =
\$112,551



Year 5
Maximum Levy =
\$115,927

With the LOIT to Freeze Property Tax Levy



Year X
Maximum Levy =
\$100,000



Year 1
Maximum Levy =
\$100,000



Year 2
Maximum Levy =
\$100,000



Year 3
Maximum Levy =
\$100,000



Year 4
Maximum Levy =
\$100,000



Year 5
Maximum Levy =
\$100,000



Year 1
Need = \$3,000
LOIT Rate = 0.0040
Revenue = \$3,000
(**\$3,000** for stabilization
fund)



Year 2
Need = \$6,090
LOIT Rate = 0.0040
Revenue = \$6,090



Year 3
Need = \$9,273
LOIT Rate = 0.0062
Revenue = \$9,273



Year 4
Need = \$12,551
LOIT Rate = 0.0084
Revenue = \$12,551



Year 5
Need = \$15,927
LOIT Rate = 0.0100
Revenue = \$15,927
(LOIT Rate has reached
max, will not increase in
Year 6)

County chooses to freeze Maximum Levy at \$100,000.

County will need to collect \$3,000 in LOIT revenue, which corresponds to an income tax rate of .0020. This rate will need to be doubled in the first year to fund the stabilization fund. Therefore, the County adopts a LOIT rate of 0.0040 and collects a total of \$6,000. In year 2, the county will need to collect \$6,090 in LOIT revenue. Since this amount is almost double what the County needed to collect in year 1, the LOIT rate will remain approximately 0.0040 but instead of 1/2 of this revenue funding the stabilization fund, it is necessary to fund the growth. The maximum LOIT to Freeze Property Tax Levy is 1% (0.0100).