

GUIDANCE TO LOCAL UNITS REGARDING THE USE OF LOIT FUNDS DISTRIBUTED IN APRIL 2012

The State Budget Agency recently recertified distribution amounts for local option income taxes (LOITs) for CY 2011 and CY 2012. The additional funds plus interest have been distributed to each county treasurer, and each county auditor has received details on how much of the total amount should be distributed to each unit.

Title 6, Article 3.5 of the Indiana Code permits the adoption of local income taxes, including the County Adjusted Gross Income Tax (CAGIT), County Option Income Tax (COIT), and County Economic Development Income Tax (CEDIT). In addition to CAGIT, COIT, and CEDIT, other local income tax rates are authorized, such as: CEDIT homestead credit rates, levy freeze rates, property tax relief rates, public safety rates, and special county rates for correctional facilities.

It is important that counties and units appropriate and use these additional funds only as authorized by Indiana Code. Specifically, the additional funds can only be expended after action by the fiscal body (e.g., making the funds available for expenditure by proper appropriation) and for their particular, statutorily authorized use (e.g., economic development, public safety, etc.). Please note that units receiving LOIT distributions, either through certified shares or credits, will need to ensure these additional funds are properly incorporated into their CY 2013 budget to reduce property tax rates accordingly. .

The previously certified amounts as well as the recertified amounts for both CY 2011 and CY 2012 can be found on the State Budget Agency website at the following link: <http://www.in.gov/sba/2587.htm>. Updated trust balance history reports for each county can also be found on the State Budget Agency website using the same link. If you need additional information, please contact Bob Lain at (317) 232-3471 or blain@sba.in.gov.