

COUNTY AUDITORS' SPRING 2010 CONFERENCE

LOCAL OPTION INCOME TAXES and HEA 1001-2008 HOMESTEAD CREDIT

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Types of Local Option Income Tax (LOIT)

- Types of LOIT
 - CAGIT – County Adjusted Gross Income Tax
 - COIT – County Option Income Tax
 - CEDIT – County Economic Development Income Tax

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Types of LOIT Property Tax Relief

- CAGIT
 - Income Tax Revenue Distributions (Certified Shares & Property Tax Replacement) to Civil Taxing Units & Schools
 - Special Legislation Distributions
 - Operating Levy Freeze Distributions
 - Public Safety Distributions

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Types of LOIT Property Tax Relief - Continued

- COIT
 - Income Tax Revenue Distributions (Certified Shares) to Civil Taxing Units
 - Special Legislation Distributions
 - Operating Levy Freeze Distributions
 - Public Safety Distributions

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Types of LOIT Property Tax Relief - Continued

- CEDIT
 - Income Tax Revenue Distributions (Certified Shares) to County, Cities and Towns
 - Special Legislation Distributions

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Types of LOIT Property Tax Credits

- CAGIT
 - PTRC on all properties
 - IC 6-3.5-1.126(f)(1)
 - HSC
 - IC 6-3.5-1.126(f)(2)
 - Qualified Residential PTRC
 - IC 6-3.5-1.126(f)(3)

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Types of LOIT Property Tax Credits - Continued

- COIT
 - PTRC on all properties
 - IC 6-3.5-6-32(f)(1)
 - HSC
 - Under IC 6-3.5-6-13
 - Or under IC 6-3.5-6-32(f)(2)
 - Qualified Residential PTRC
 - IC 6-3.5-6-32(f)(3)

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Types of LOIT Property Tax Credits - Continued

- CEDIT
 - HSC
 - Under IC 6-3.5-7-26
 - Qualified Residential PTRC
 - IC 6-3.5-7-26

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LOIT Property Tax Credit Rate Calculations

- LOIT (CAGIT or COIT) PTRC
 - Uniform rate
 - Calculated by county auditor
- COIT HSC – Under IC 6-3.5-6-13
 - Rate calculated on same basis as State “Regular” HSC Rate
 - Calculated by DLGF
- CEDIT HSC
 - Uniform or allocated rate or modified allocated rate
 - Calculated by county auditor

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LOIT Property Tax Credit Rate Calculations

- CEDIT Residential PTRC
 - Uniform or allocated rate or modified allocated rate
 - Calculated by county auditor
- LOIT (CAGIT or COIT) HSC
 - Uniform rate
 - Calculated by DLGF
- LOIT (CAGIT or COIT) Residential PTRC
 - Uniform rate
 - Calculated by county auditor

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LOIT PTRC, HSC & HEA 1001-2008 HSC Accounting

- Quietus state distribution to a separate fund
- Write check from fund to county treasurer
- Check amount based on Abstract amount and state distribution amount
- County auditor provides treasurer taxing district breakdown based on Abstract amounts and state distribution amount
- Treasurer post check to tax collections based on auditor's taxing district breakdown

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LOIT PTRC, HSC & HEA 1001-2008 HSC at Settlement

- Treasurer certifies
 - LOIT PTRC as property tax replacement credit
 - LOIT HSC as homestead credit
 - HEA 1001-2008 HSC as homestead credit
 - LOIT Qualified Residential PTRC as homestead credit at Settlement

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**LOIT PTRC, HSC & HEA 1001-2008
HSC at Settlement**

- LOIT property tax credits and HEA 1001-2008 HSC are included in Settlement property tax distributions
 - And prior to Settlement are available for property tax advances to taxing units once a check is written to the treasurer from the LOIT Fund(s) and/or HEA 1001-2008 HSC Fund and posted to tax collections

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**LOIT PTRC, HSC & HEA 1001-2008
HSC at December Settlement**

- At December Settlement reconcile state and local property tax credit dollars
 - State and LOIT PTRC
 - State, LOIT, HEA 1001-2008 HSC and LOIT Qualified Residential PTRC
- Must use Recon Worksheet provided by AOS to calculate reconciliations
 - State & Local PTRC Reconciliation Worksheet
 - State & Local HSC and Residential PTRC Reconciliation Worksheet

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**LOIT PTRC, HSC & HEA 1001-2008
HSC at December Settlement**

- If the results of the property tax credit reconciliations is the need for additional state PTRC and/or state HSC in total, then a distribution will be sent to the county once the settlement has been approved by the AOS office
- If the results of the property tax credit reconciliations is excess state PTRC and/or state HSC in total, then the county will send a check to the state once the settlement has been approved by the AOS office

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**LOIT PTRC, HSC & HEA 1001-2008
HSC at December Settlement**

- Once the settlement has been approved by the AOS office
- And the results of the property tax credit reconciliations is the need for additional LOIT PTRC, LOIT HSC and/or LOIT Qualified Residential PTRC, then a check will be written to the county treasurer from the applicable LOIT PTRC, LOIT HSC and/or LOIT Qualified Residential PTRC Fund to post to tax collections
- Or the results of the property tax credit reconciliations is excess LOIT PTRC, LOIT HSC and/or LOIT Qualified Residential PTRC, then the excess will be quietus to the applicable LOIT PTRC, LOIT HSC and/or LOIT Qualified Residential PTRC Fund
- Balance of the LOIT property tax credit fund(s) is(are) carried forward to include in the calculation of the next year credit rate (AOS office will verify balance each year) ¹⁶

**LOIT PTRC, HSC & HEA 1001-2008
HSC at December Settlement**

- If the results of the property tax credit reconciliations is the need for additional HEA 1001-2008 HSC, then a check will be written to the county treasurer from the HEA 1001-2008 HSC Fund once the settlement has been approved by the AOS office
- If the results of the property tax credit reconciliations is excess HEA 1001-2008 HSC, then the excess will be quietus to the HEA 1001-2008 HSC Fund once the settlement has been approved by the AOS office
- Balance of HEA 1001-2008 HSC Fund at the end of 2010 is carried forward for at least the next three years to be available at December Settlements for future reconciliations ¹⁷

HEA 1001-2008 HSC

- 2009 Pay 2010 is the last year for distributions of HEA 1001-2008 HSC
- But 2009 Pay 2010 is most likely not the last year HEA 1001-2008 will be a part of property tax settlements because corrections to 2007 Pay 2008, 2008 Pay 2009 and 2009 Pay 2010 homestead properties will include HEA 1001-2008 HSC
- Consequentially, HEA 1001-2008 will most likely be a part of future HSC reconciliations.
- At the end of the time period for 2008, 2009 and/or 2010 homestead property corrections the balance of the HEA 1001-2008 HSC Fund will be offset against the distributions to taxing units at that time ¹⁸
