

Crowe Horwath.

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Vigo County Local Income Tax

August 28, 2017

State Income Tax Rate Has Dropped .17% Since December 2014

	State Income Tax Rate	Vigo (Old CAGIT)	Vigo (Old CEDIT)	Total Income Tax Rate
December 2014	3.40%	.75%	.50%	4.65%
January 2015	3.30%	.75%	.50%	4.55%
January 2017	3.23%	.75%	.50%	4.48%

- Indiana General Assembly passed phased-in 5% income tax cut in 2014

Area Income Tax Rates & Circuit Breaker Impact

	Local Income Tax Rate	County Circuit Breaker %
Vigo	1.25%	19.53%
Clay	2.25%	0.26%
Parke	2.65%	0.19%
Sullivan	0.60%	2.30%
Vermillion	0.20%	4.83%
Knox	1.00%	8.26%
Greene	1.25%	6.02%
Owen	1.30%	1.00%
Putnam	1.75%	1.55%
Montgomery	2.10%	2.99%
Fountain	2.10%	1.45%
Warren	2.12%	0.14%

Comparable Counties Tax Rates & Circuit Breaker Impact

	Local Income Tax Rate	County Circuit Breaker %
Monroe	1.345%	0.82%
Madison	1.75%	21.83%
Delaware	1.50%	25.30%
Clark	2.00%	8.43%
LaPorte	0.95%	11.43%
Vigo	1.25%	19.53%
Howard	1.65%	15.55%

Circuit Breaker Impact – All Units

Taxes Payable in Each Year	1% Homestead Circuit Breaker Credits	2% Circuit Breaker Credits	3% Circuit Breaker Credits	Over 65 Circuit Breaker Credits	County-Wide
2010	\$3,133,575	\$5,909,427	\$5,345,345	\$147,269	\$14,535,616
2011	\$3,083,088	\$5,367,775	\$4,906,978	\$144,338	\$13,502,179
2012	\$4,027,821	\$6,984,267	\$6,737,755	\$206,771	\$17,956,614
2013	\$4,275,229	\$9,012,717	\$8,405,630	\$172,079	\$21,865,655
2014	\$4,930,372	\$9,927,202	\$9,073,531	\$201,316	\$24,132,421
2015	\$5,088,104	\$10,401,404	\$9,133,590	\$198,996	\$24,822,094
2016	\$5,609,355	\$11,847,766	\$10,038,495	\$229,763	\$27,725,379
2017	\$6,519,061	\$12,733,487	\$11,421,462	\$281,763	\$30,955,773
2018 EST.					\$31,130,587
TOTAL *	\$36,666,605	\$72,184,045	\$65,062,786	\$1,582,295	\$175,495,731

• County-wide Circuit Breaker Credits are up 113% since 2010

*Totals are actuals 2010 - 2017

Circuit Breaker Impact – Vigo County Government

Tax Payable Year	Certified Assessed Value	Certified Levy	Total Circuit Breaker Credit	% of Certified Levy
2010	\$3,607,394,856	\$23,040,431	\$2,920,675	12.68%
2011	\$3,711,371,485	\$26,276,510	\$2,802,356	10.66%
2012	\$3,642,993,114	\$26,638,755	\$3,681,476	13.82%
2013	\$3,496,215,901	\$23,215,184	\$4,226,548	18.21%
2014	\$3,573,565,076	\$28,416,989	\$4,637,504	16.32%
2015	\$3,621,153,779	\$29,240,817	\$4,859,451	16.62%
2016	\$3,640,332,172	\$29,883,486	\$5,376,527	17.99%
2017	\$3,678,784,248	\$30,894,430	\$6,034,373	19.53%
2018 EST.		\$31,313,604	\$6,974,112	22.27%
TOTAL *			\$34,538,910	

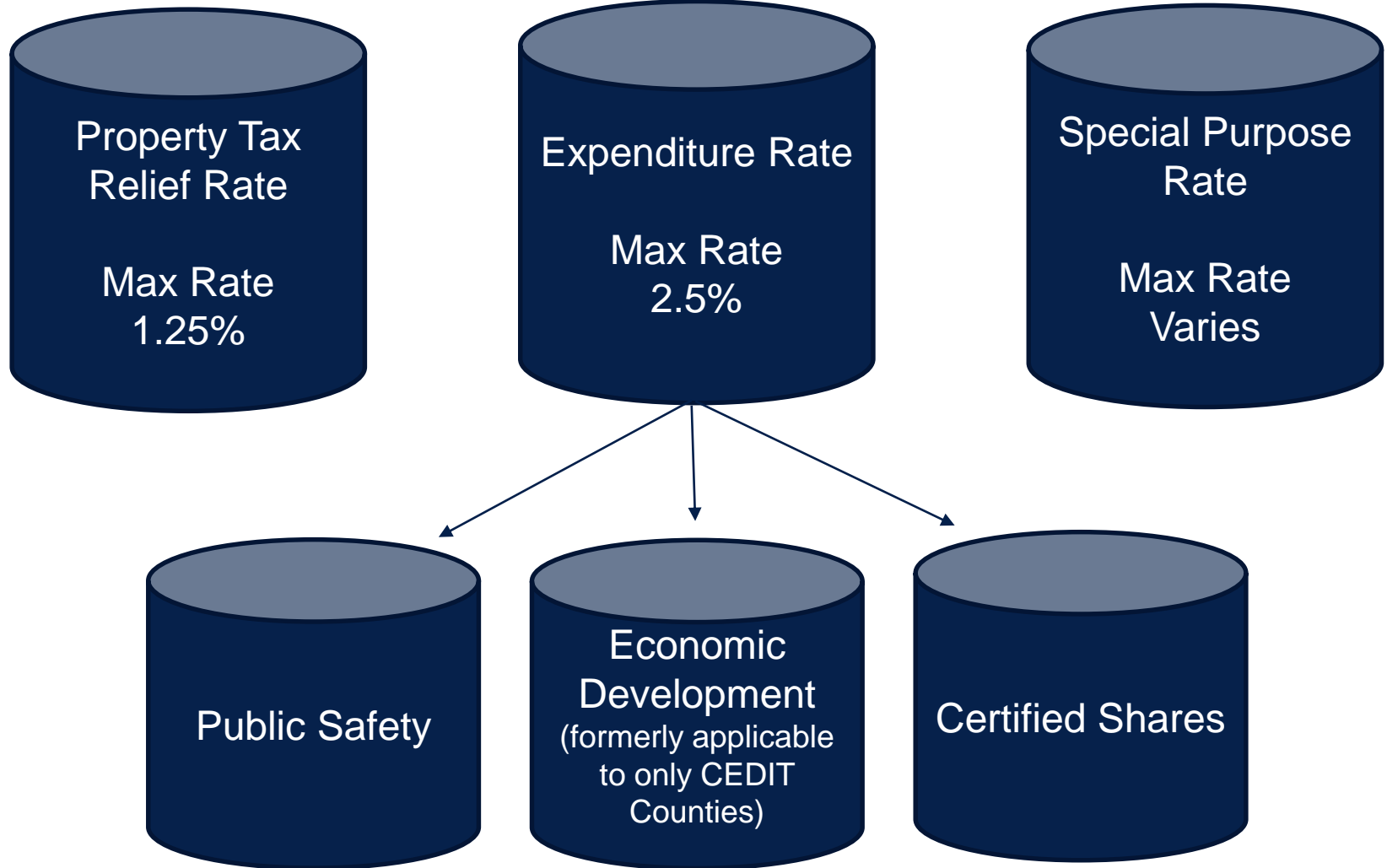
- Vigo County Government realized less than 35% of levy growth this year
- Certified net AV has increased a total of 1.9% since 2010 – less than 2011 values

*Totals are actuals 2010 - 2017



Proposed Local Income Tax

Local Income Tax Components



Current Local Income Tax

- **Current Local Income Tax (In place as of 1/1/2017)**
 - Expenditure Rate (Maximum Rate: 2.50%)
 - School Corporation, Civil Taxing Units and Certified Shares
 - Vigo County: 0.75% (0.25% School Corporations and Civil Taxing Units, 0.50% Certified Shares-PTRC)
 - Public Safety
 - Economic Development
 - Vigo County: 0.50%
 - Total Existing Rate: 1.25%

Local Income Tax Analysis (Existing Local Income Tax – Certified 2017)

STATE OF INDIANA INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Local Income Tax Estimated Distributions for 2017
Based on State Budget Agency's Estimated Distributions Released August 1, 2016

County 84 Vigo

Expenditure Rate - Certified Shares Revenue	15,158,531	Expenditure Rate - Public Safety Revenue	0	Expenditure Rate - Economic Development Revenue	10,357,319
IC 6-3.6-6-3(1) Distribution	5,052,844	PSAP Distribution	0		
Certified Shares Distribution	10,105,687	Public Safety Distribution	0		

<u>Unit</u>	<u>Expenditure Rate - Certified Shares IC 6-3.6-6-3(1) Distribution</u>	<u>Certified Shares Distribution</u>	<u>Total Expenditure Rate - Certified Shares Distribution</u>	<u>Estimated Public Safety Distribution</u>	<u>Economic Development Distribution</u>
VIGO COUNTY	1,583,045	4,346,477	5,929,522	0	5,297,183
FAYETTE TOWNSHIP	4,909	11,817	16,726	0	0
HARRISON TOWNSHIP	38,425	92,494	130,919	0	0
HONEY CREEK TOWNSHIP	2,159	5,198	7,357	0	0
LINTON TOWNSHIP	3,184	7,664	10,848	0	0
LOST CREEK TOWNSHIP	5,970	14,371	20,341	0	0
NEVINS TOWNSHIP	3,404	8,195	11,599	0	0
OTTER CREEK TOWNSHIP	12,885	31,017	43,902	0	0
PIERSON TOWNSHIP	4,760	11,457	16,217	0	0
PRAIRIE CREEK TOWNSHIP	1,014	2,440	3,454	0	0
PRAIRIETON TOWNSHIP	901	2,168	3,069	0	0
RILEY TOWNSHIP	1,481	3,564	5,045	0	0
SUGAR CREEK TOWNSHIP	12,500	30,090	42,590	0	0
TERRE HAUTE CIVIL CITY	1,704,256	4,102,438	5,806,694	0	4,964,531
RILEY CIVIL TOWN	1,120	2,696	3,816	0	3,262

8/18/2016

Local Income Tax Analysis (Existing Local Income Tax – Certified 2017) - Continued

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SEELYVILLE CIVIL TOWN	3,257	7,839	11,096	0	9,486
WEST TERRE HAUTE CIVIL TOWN	28,442	68,465	96,907	0	82,857
VIGO COUNTY SCHOOL CORPORATION	1,077,276	0	1,077,276	0	0
VIGO COUNTY PUBLIC LIBRARY	308,278	742,079	1,050,357	0	0
VIGO COUNTY SOLID WASTE MANAGEMENT DIST	0	0	0	0	0
TERRE HAUTE SANITARY	200	481	681	0	0
TERRE HAUTE INTERNATIONAL AIRPORT	76,684	184,593	261,277	0	0
HONEY CREEK FIRE PROTECTION	107,099	257,805	364,904	0	0
NEW GOSHEN FIRE PROTECTION DISTRICT	8,129	19,567	27,696	0	0
LOST CREEK FIRE PROTECTION DISTRICT	5,811	13,988	19,799	0	0
PRAIRIETON FIRE PROTECTION DISTRICT	13,541	32,595	46,136	0	0
RILEY FIRE PROTECTION DISTRICT	21,080	50,743	71,823	0	0
SUGAR CREEK TOWNSHIP FIRE DISTRICT	23,034	55,446	78,480	0	0
TOTAL:	5,052,844	10,105,687	15,158,531	0	10,357,319

8/18/2016

Revenue From Proposed 1.00% LIT Increase

	.25% Special Jail	.10% PSAP	.65% Public Safety LIT	1.00% LIT
Vigo County	\$5,049,911	\$2,019,964	\$6,321,104	\$13,390,979
Fayette Township			\$17,186	\$17,186
Linton Township			\$11,146	\$11,146
Nevins Township			\$11,960	\$11,960
Otter Creek Township			\$45,110	\$45,110
Pierson Township			\$16,663	\$16,663
Terre Haute			\$5,966,194	\$5,966,194
Riley			\$3,921	\$3,921
Seelyville			\$11,398	\$11,398
West Terre Haute			\$99,570	\$99,570
Honey Creek Fire			\$374,928	\$374,928
New Goshen Fire			\$28,457	\$28,457
Lost Creek Fire			\$20,345	\$20,345
Prairieton Fire			\$47,403	\$47,403
Riley Fire			\$73,793	\$73,793
Sugar Creek Township Fire			\$80,634	\$80,634
TOTAL	\$5,049,911	\$2,019,964	\$13,129,769	\$20,199,644



Questions –

How do we know the tax will not last indefinitely?

- IC 6-3.6-7-25

- (i) Operates a county jail that is subject to an order that:

- (a) Was issued by a federal district court before January 1, 2003, and

- (b) Has not been terminated

- (d) The county fiscal body may impose a tax on the adjusted gross income of local taxpayers at a tax rate that does not exceed the lesser of the following:

- (1) Twenty-five hundredths percent (0.25%)

- (2) The rate necessary to carry out the purposes described in this section.

- (e) Revenue from a tax under this section may be used only for the following purposes:

- (1) To finance, construct, acquire, improve, renovate, or equip a county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings and the acquisition of land.

- (2) To repay bonds issues or leases entered into for constructing, acquiring, improving, renovating, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings and the acquisition of land.

- (f) The tax imposed under this section may be imposed only until the last of the following dates:

- (1) The date on which the purposes described in subsection (e)(1) are completed

- (2) The date on which the last of any bonds issued (including any refunding bonds) or leases described in subsection (e)(2) are fully paid.

Can distributions be altered? Is it because of incomes in certain communities?

- The distribution for Public Safety can be either to all municipalities or to all units that provide public safety
 - Vigo County, Terre Haute, Riley, Seelyville, West Terre Haute
 - All of the units listed in the proposed distribution
- The total distribution is based upon actual income taxes collected from the whole county, but the distribution is allocated based upon the certified levy for each unit of government selected to receive a distribution. The tax unit distribution is not based upon the income taxes collected from within that taxing unit.
- The allocation between method selected under the law can be altered annually
- Because Vigo is a “CAGIT County”, the County Council is the ONLY elected body that can impose an income tax within the County.

Can we separate the votes between each of the requests?

- IC 6-3.6-3-4
 - Sec(a) Except for a tax rate that has an expiration date, a tax rate remains in effect until the effective date of an ordinance that increases, decreases, or rescinds that tax rate.
 - (b) A tax rate may not be changed more than once each year under this article

Average Personal Income in Vigo County is \$41,000 – Resulting in an additional \$410/year in tax

- Common deductions reduce Indiana Taxable Income from Gross Income. Individuals will need to look to Line 7 of their Indiana Income Tax return to understand the impact of the proposed tax on their family.
- Indiana Income tax is based upon your adjusted gross income from Line 37 of the federal income tax return less deductions/exemptions (some of the common deductions/exemptions a taxpayer may be eligible for include):
 - Indiana does not tax Social Security income or the railroad retirement benefits that are issued by the U.S. Railroad Retirement Board.
 - Indiana allows you to deduct from taxable income up to \$2,500 in property taxes paid, or \$3,000 for rent expenses paid during the year on your principle residence.
 - You are eligible to deduct the actual amount of military income received (military pay, retirement pay and or survivor's benefits or \$5,000 whichever is less. If both you and your spouse received military income, you may each claim the deduction for a maximum of \$10,000.
 - You are eligible to claim a \$1,000 deduction for all exemptions claimed on your federal return
 - Additionally, you are eligible to claim an additional \$1,500 exemption for each dependent child under the age of 19, or 24 if he/she is a full-time student.

Why do we need to raise the Public Safety LIT?

Bond Size	Bond Term	Annual Bond Payment	Additional Annual Bond Coverage	Necessary Annual Revenue
\$51 Million	20 Years	\$4,526,970	\$2,263,485	\$6,790,455
\$58 Million	20 Years	\$5,020,140	\$2,510,070	\$7,530,210
\$61 Million	20 Years	\$5,175,400	\$2,587,700	\$7,763,100
\$51 Million	25 Years	\$3,948,400	\$1,974,200	\$5,922,600
\$58 Million	25 Years	\$4,378,750	\$2,189,375	\$6,568,125
\$61 Million	25 Years	\$4,513,950	\$2,256,975	\$6,770,925

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