



# Illustrative Local Income Tax Analysis

Porter County, Indiana

February 20, 2025

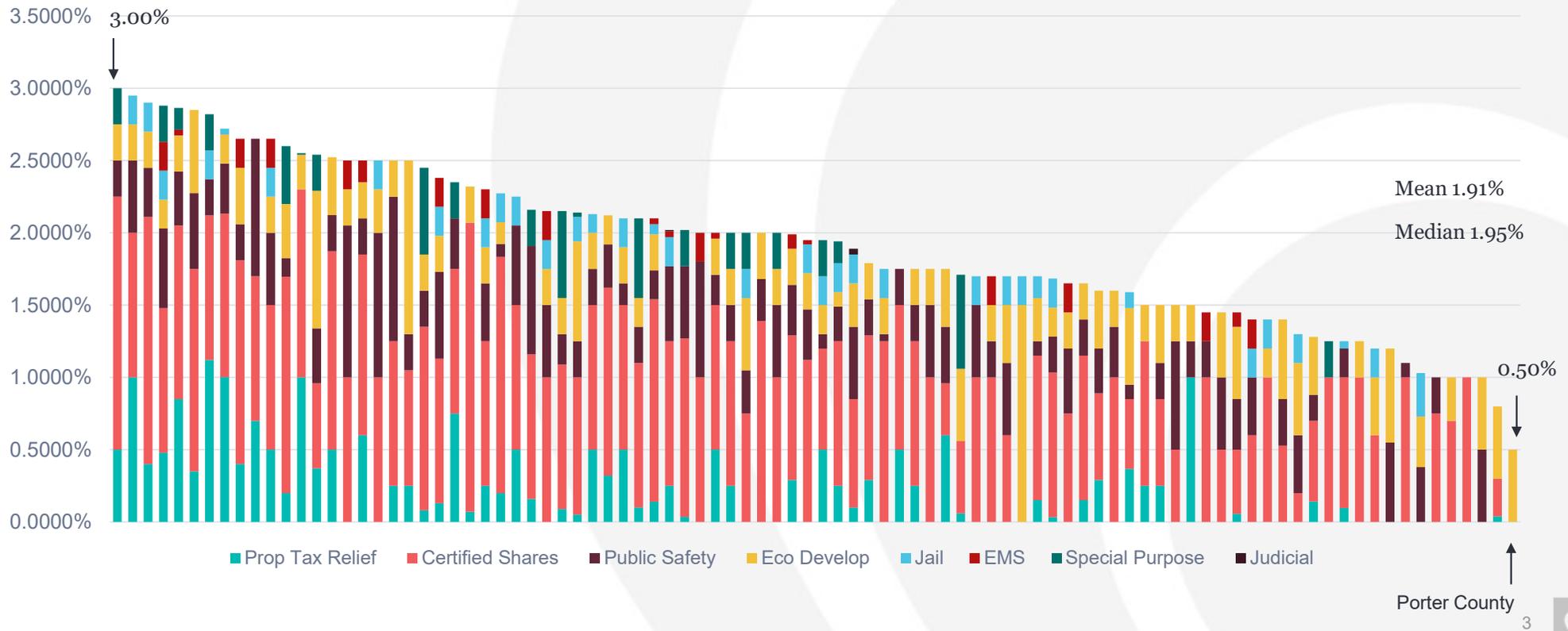
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# Local Income Taxes

Max Rates = >>	1.25%	2.5% (all counties except Marion*)							Specified by Statute
	<b>Property Tax Relief</b>	<b>Expenditure</b>							<b>Special Purpose</b>
		Certified Shares	Public Safety	Economic Development	Correctional and Rehabilitation Facilities	Judicial	EMS	Acute Care Hospital	
Current Rates:	0.0%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Amount Remaining:	1.25%				2.00%				



# 2025 Local Income Tax Rates



## LIT property tax relief

- LIT Property Tax Relief is a credit on taxpayer's tax bills funded by local income tax revenues in counties that have adopted LIT Property Tax Relief.



## Expenditure LIT

Can be allocated  
to the following  
buckets:

- Certified Shares
- Economic Development
- Public Safety
- Correctional & Rehabilitation
- Emergency Medical Services
- Judicial
- Acute Care Hospital

Allocation is determined by percentages and established by an ordinance adopted by the County's adopting body



# LIT Certified Shares



Revenues may be used for any lawful purpose



Distributed to all civil units that impose an ad valorem property tax (except schools)



May include solid waste management districts if the county approves the distribution



# LIT Economic Development

- Revenues may be used for any lawful purpose.
- Distributed to County and municipalities.

## Porter County:

- First .25% is distributed to the County and municipalities before the rest of the expenditure rate revenue is distributed.
- The next \$3,500,000 of revenue shall be made available to make transfers to the treasurer of the northwest Indiana Regional Development Authority.
- The remaining excess revenues described above must be used by the County, cities, and towns for homestead credits.



## LIT Public Safety

- Distributed to County and municipalities; unless the funding was dedicated for a PSAP
- PSAP – distributed to the county before the rest of the expenditure rate revenue is distributed.
  - Funds dedicated for a PSAP under a former tax may be allocated to public safety and all or a part of the revenue may be used for a PSAP by the adopting body up to the 2.5% max expenditure rate. Funds are allocated prior to any public safety distribution to other units.
  - In a county that has a LIT Council, a County Fiscal Body may adopt an ordinance to impose a tax rate for a PSAP in increments of one hundredths of one percent (0.01%) and may not exceed one-tenth of one percent (0.1%).



# LIT Public Safety

- Police/law enforcement systems
- Firefighting and fire prevention systems
- Emergency ambulances and emergency medical services
- Emergency action (environmental clean up)
- Probation programs
- Community corrections programs
- Juvenile detention centers and facilities
- County jail
- Communications systems or enhanced emergency telephone systems
- Medical and health care expenses for inmates
- Pension payments for:
  - Police officers and other department employees
  - Firefighters and other department employees
  - Sheriff and other members of department
  - Other personnel providing public safety services



## Public Safety (Cont'd)

- The Adopting body **may** adopt a resolution to allocate an amount Public Safety LIT to one or more of the following:
  - Townships fire Departments
  - Volunteer fire Departments
  - Fire Protection territories
  - Fire Protection districts
- The distribution is limited to the amount of revenue generated by 0.05% of the Public Safety LIT
- The distribution to each entity must be based on the assessed value of real property, not including land, that is served by each applicable entity.
- **Any amount distributed shall be distributed after the PSAP allocation and before the remainder of the tax revenue is allocated to other taxing units.**



# Correctional and Rehabilitation Facility LIT

- Adopted by the County Fiscal Body
- Distributed to the county before the rest of the expenditure rate revenue is distributed.
- Counties **with** debt outstanding on July 1, 2023 with LIT pledge may not exceed **.3%**
- Counties with **no** debt outstanding on July 1, 2023 with LIT pledge may not exceed **.2%**
- Up to .2% of the of the adopted tax rate may be used for operating expenses for correctional and rehabilitation facilities
- Tax rate may not be in effect for more than **22** years for rates imposed **before** January 1. 2019
- Tax rate may not be in effect for more than **25** years for rates imposed **on or after** January 1. 2019



## Emergency Medical Service (EMS) LIT

- Adopted by the County Fiscal Body
- May not exceed .2%
- Distributed to the county before the rest of the expenditure rate revenue is distributed.
- Tax rate may not be in effect for more than 25 years



# Judicial LIT

- Adopted by the County Fiscal Body
- May not exceed .2%
- Distributed to the county before the rest of the expenditure rate revenue is distributed.
- Fund courtroom costs which includes staffing costs of the court reporter, court bailiff, or court administrator of the state judicial system of the county
- Income tax budgeted and spent may not be more than 50% of the county's total budgeted operational staffing expenses of the state judicial system in any given year
- Subject to annual reporting requirements
- Tax rate may not be in effect for more than 25 years



## Acute Care Hospital LIT

- Adopted by the County Fiscal Body
- May not exceed .1%
- Distributed to the county before the rest of the expenditure rate revenue is distributed
- Used only for operating expenses of acute care hospitals located within the County



# Illustrative Distribution

Unit Name	Certified Shares 0.10%	Public Safety 0.10%	Correctional & Rehab. 0.10%	EMS 0.10%
Porter County	\$1,684,879	\$3,266,588	\$7,183,281	\$7,183,281
Valparaiso	983,380	1,676,352	-	-
Portage	732,651	1,248,938	-	-
Chesterton	250,533	427,080	-	-
Beverly Shores	26,273	44,788	-	-
Burns Harbor	87,047	148,388	-	-
Dune Acres	16,835	28,697	-	-
Hebron	34,301	58,472	-	-
Kouts	16,173	27,570	-	-
Ogden Dunes	35,117	59,863	-	-
Porter	110,400	188,197	-	-
Pines	4,897	8,348	-	-
Michigan City Area School Corporation	89,160	-	-	-
Boone Township School Corporation	81,316	-	-	-
Duneland School Corporation	859,796	-	-	-
East Porter County School Corporation	163,563	-	-	-
Porter Township School Corporation	109,857	-	-	-
Union Township School Corporation	181,177	-	-	-
Portage Township School Corporation	520,255	-	-	-
Valparaiso Community School Corporation	525,963	-	-	-
Westchester Public Library	130,604	-	-	-
Porter County Public Library	228,481	-	-	-



# Illustrative Distribution

Unit Name	Certified Shares 0.10%	Public Safety 0.10%	Correctional & Rehab. 0.10%	EMS 0.10%
Boone Township	9,655	-	-	-
Center Township	50,059	-	-	-
Jackson Township	6,999	-	-	-
Liberty Township	23,867	-	-	-
Morgan Township	7,827	-	-	-
Pine Township	3,637	-	-	-
Pleasant Township	12,551	-	-	-
Portage Township	96,056	-	-	-
Porter Township	17,781	-	-	-
Union Township	18,124	-	-	-
Washington Township	9,415	-	-	-
Westchester Township	6,463	-	-	-
West Porter Township Fire Protection	9,232	-	-	-
Porter Co Solid Waste District	-	-	-	-
Porter Co Airport Authority	38,957	-	-	-
<b>Grand Total</b>	<b>\$7,183,281</b>	<b>\$7,183,281</b>	<b>\$7,183,281</b>	<b>\$7,183,281</b>



# Illustrative Taxpayer Impact

Household Adjusted Gross Income							
		\$50,000		\$75,000		\$100,000	
LIT Rate	Annual Impact	Monthly Impact	Annual Impact	Monthly Impact	Annual Impact	Monthly Impact	
0.50%	\$250	\$20.83	\$375	\$31.25	\$500	\$41.67	



# Approval

- Notice of public hearing published pursuant to IC 5-3-1
- Notice of public hearing also provided to all taxing units in the county
- County fiscal body adopts an ordinance implementing the income tax
- If an adopting body makes any fiscal decision that has a financial impact to a local taxing unit, the decision must be made, and notice must be given to the affected local taxing unit by August 1
- If the adopting body changes the allocation of local income tax revenue to a local unit, the adopting body must provide direct notice, in addition to the public hearing notice, to the affected unit within 15 days of passage
- The adopting body must also provide confirmation to the Dept. of Revenue and DLGF within 15 days of passage that direct notice was given to local taxing units



# Effective Date of Ordinances

Adoption of Rate Change	Effective	Year Received
January 1, 2025 – August 31, 2025	October 1, 2025	2026
September 1, 2025 – October 31, 2025	January 1, 2026	2026
November 1, 2025 – December 31, 2025	October 1, 2026	2027

# Questions?



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