



AUDITOR OF STATE

Suzanne Crouch

Telephone (317) 232-3300
Fax (317) 234-1916
<http://www.in.gov/auditor>
<http://www.in.gov/itp>

To: County Auditors and County Treasurers

From: Fred Van Dorp - Settlement Director

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Subject: CY 2017 Local Income Tax (LIT) Distribution

As part of the ongoing LOIT to LIT transition, below find notes and instructions about how these changes will impact the State distribution and the County's receipting for the LIT funds beginning on January 1, 2017. These changes will impact all 92 counties.

SIMILARITIES TO 2016 LOIT DISTRIBUTIONS

Before delving into the differences between last year and this year, let's take a moment to review some of the similarities between 2016 and 2017. AOS will still distribute the LIT amounts as certified by the State Budget Agency (SBA) over the course of 12 months. The distribution amounts from January through November will represent 1/12th of the annual amount. The December distribution may differ slightly in order to account for any rounding differences associated with the first 11 distributions of the year.

Along with this memo, please find the "CY 2017 Local Income Tax (LIT) Distribution Schedule" file. This file is comparable to the files historically created and distributed by AOS preceding the January distribution. This file is based on the LIT information certified by SBA, but the total is separated by individual funding sources and monthly distribution amount.

DIFFERENCES TO 2016 LOIT DISTRIBUTIONS

There are several differences that we will be looking at in depth below. Initially, we should look one of the key aspects of the LOIT to LIT transition. Beginning with the January 1st distribution, the State will be phasing out all references to the LOIT categories CAGIT, COIT, and CEDIT. (This includes references to LOIT specific property tax relief.) These changes will impact the source material provided by SBA, the county funds (as provided by SBOA) used to receipt and distribute the funds, EFT documentation and LIT Distribution schedule provided by AOS, and the taxing unit breakdown as provided by DLGF.

In 2017, LIT will be presented based on its 5 funding sources. Below please find a listing of each funding source and an explanation of how activity will move through the fund.

1. Certified Shares (IC 6-3.6-6-10)

Monthly activity will be deposited into County Fund 7330 (LIT CERTIFIED SHARES). Using the information provided by DLGF, the county will distribute these funds to all applicable taxing units. The counties will quietus the county portion to Fund 1000 (General).

Note: Fund 7330 should serve as a clearing fund. The balance should increase following the deposit, but should return to zero each month following the county's monthly quietus and distribution.

2. Public Safety (IC 6-3.6-6-8)

Monthly activity will be deposited into County Fund 7331 (LIT PUBLIC SAFETY). Using the information provided by DLGF, the county will distribute these funds to all applicable taxing units. The counties will quietus the county portion to Fund 1170 (LIT PUBLIC SAFETY-COUNTY SHARE).

Note: Fund 7331 should serve as a clearing fund. The balance should increase following the deposit, but should return to zero each month following the county's monthly quietus and distribution.

3. Economic Development (IC 6-3.6-6-9)

Monthly activity will be deposited into County Fund 7332 (LIT ECONOMIC DEVELOPMENT (EDIT)). Using the information provided by DLGF, the county will distribute these funds to all applicable taxing units. The counties will quietus the county portion to Fund 1112 (LIT - ECONOMIC DEVELOPMENT).

Note: Fund 7332 should serve as a clearing fund. The balance should increase following the deposit, but should return to zero each month following the county's monthly quietus and distribution.

4. Property Tax Relief (IC 6-3.6-5)

Monthly activity will be deposited into County Fund 6203 (LOCAL INCOME TAX -PROPERTY TAX RELIEF). Semiannually, in June and December, the funds will be transferred from Fund 6203 into Fund 6000 (SETTLEMENT) to be included in the property tax distributions.

5. Special Purpose (IC 6-3.6-71)

Monthly activity will be deposited into County Fund 1114 (LIT - SPECIAL PURPOSE).

DISCONTINUED FUNDS

Beginning on January 1st, no new LIT activity should be deposited into the funds below. The new activity should be deposited using the directions above. AOS and SBOA will be leading separate cleanup projects to transition any existing balances in the funds below into their LIT counterparts. By December 31, 2017, the balances in each of these funds should be zero.

Fund Number	Fund Description
1109	CAGIT - SPECIAL LEGISLATION
1110	CAGIT COUNTY CERTIFIED SHARES
1113	CEDIT - SPECIAL LEGISLATION
1120	COIT - SPECIAL LEGISLATION
1121	COIT COUNTY DISTRIBUTIVE SHARES
6101	CEDIT HOMESTEAD CREDIT
6102	COIT HOMESTEAD
6103	HEA 1001 STATE HOMESTEAD CREDIT
6104	HOMESTEAD CREDIT REBATE
6105	LOIT HOMESTEAD CREDIT
6201	LOIT PTRC
6202	LOIT RESIDENTIAL PTRC
7311	CAGIT DISTRIBUTION
7312	CEDIT DISTRIBUTION
7313	COIT DISTRIBUTION

If you have any questions concerning the LIT distributions, please contact the Auditor's Office Settlements Department using the email address Settlements@auditor.in.gov.