Indiana Library Federation
Virtual Exchange
Local Income Taxes and Indiana Public Libraries
Ground Rules for the Virtual Meeting

- Please hold questions until after the heart of the presentation.
- When we open for questions, we may unmute participants to ask directly or you may ask your questions in the chat box.
- No hold music.
- We aim to record the presentation portion of this session.
Public Libraries and LIT

• 236 public libraries

• 200 of the 236 districts receive some level of LIT—about $69 million total in 2017.

• Percentage of total operating income ranges from 0% to 89%.

• On average, the amount of LIT received is about 23% of total operating income.

• The average amount of LIT is $350,180 statewide.

Source: Indiana State Library, 2017 Public Library Statistics, Table 5
Considerations: Why we’re talking...

- Certified shares are dependent upon taking the max levy.
- Some libraries are highly dependent upon LIT. Are these libraries prepared for economic recession, changes to certified shares or possible transition to sharing based on GIS mapping?
- HEA1427 recommended a study of LIT, including GIS mapping.
- 36 counties with unserved areas and populations, ranging from <1% of population to 68.5% of population that is unserved. Do possible future changes to LIT create opportunities to reach unserved?

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Background

Formerly....

- CAGIT - County Adjusted Gross Income Tax IC 6-3.5-1.1:
- COIT - County Option Income Tax IC 6-3.5-6:
- CEDIT - County Economic Development Income Tax IC 6-3.5-7:

Local Income Tax, LIT

- 2015-PL 243 was signed simplifying COIT, CAGIT, and CEDIT into LIT
- LIT - Local Income Tax IC 6-3.6

Adopting body remains the same

- County Council for former CAGIT counties
- Local Income Tax Council for former COIT counties
Who can receive LIT

- School Distributions
- Certified Shares – This is where public libraries receive LIT.
- Public Safety
- Economic Development
- Property Tax Credits
- Special Purpose
## Indiana’s Local Income Taxes

<table>
<thead>
<tr>
<th>LIT Rate</th>
<th>Max Rate</th>
<th>Purpose</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax relief</td>
<td>1.25%</td>
<td>Reduce property taxes with tax bill credits</td>
<td>Replaces property tax credits for local units as needed</td>
</tr>
<tr>
<td>Expenditures</td>
<td>2.5% (2.75% in Marion)</td>
<td>Added revenue for local government expenditures.</td>
<td>Depends on expenditure purpose</td>
</tr>
<tr>
<td>Public Safety</td>
<td>Under the Expenditure maximum</td>
<td>Added revenue for public safety functions.</td>
<td>Counties, cities and towns, other units optional</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Under the Expenditure maximum</td>
<td>Added revenue for economic development projects</td>
<td>Counties, cities and towns</td>
</tr>
<tr>
<td>Certified shares</td>
<td>Under the Expenditure maximum</td>
<td>Added revenue for general purposes.</td>
<td>Civil taxing units (not schools)</td>
</tr>
<tr>
<td>County jails</td>
<td>Up to 0.2% under the Expenditure maximum</td>
<td>Added revenue for county correctional and rehabilitational facilities</td>
<td>Counties only, distributed before the remainder of the expenditure rate</td>
</tr>
<tr>
<td>Special purposes</td>
<td>Set by special legislation</td>
<td>Purpose identified in special legislation</td>
<td>Identified by legislation.</td>
</tr>
</tbody>
</table>

*This slide was provided by Tamara Ogle and Larry DeBoer of Purdue, 5/1/19. View recorded training.*
Indiana Local Income Tax Rates, 2018

This slide was provided by Tamara Ogle and Larry DeBoer of Purdue, 5/1/19. View recorded training.
## Local Income Tax Rate Stats, 2018-2019

<table>
<thead>
<tr>
<th>Certifed Share</th>
<th>Public Safety</th>
<th>Economic Development</th>
<th>Property Relief</th>
<th>Tax Relief</th>
<th>Special Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Counties</td>
<td>86</td>
<td>63</td>
<td>74</td>
<td>60</td>
<td>23</td>
</tr>
<tr>
<td>Average Rate</td>
<td>0.811%</td>
<td>0.199%</td>
<td>0.210%</td>
<td>0.244%</td>
<td>0.066%</td>
</tr>
<tr>
<td>Median Rate</td>
<td>1.000%</td>
<td>0.250%</td>
<td>0.250%</td>
<td>0.136%</td>
<td>0.000%</td>
</tr>
<tr>
<td>Most Common Rate</td>
<td>1.000%</td>
<td>0.250%</td>
<td>0.250%</td>
<td>0.000%</td>
<td>0.000%</td>
</tr>
<tr>
<td>Maximum Rate</td>
<td>1.810%</td>
<td>1.000%</td>
<td>0.600%</td>
<td>1.180%</td>
<td>0.650%</td>
</tr>
<tr>
<td>Minimum Rate</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
</tr>
<tr>
<td>Percentiles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10%</td>
<td>0.476%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
</tr>
<tr>
<td>25%</td>
<td>0.700%</td>
<td>0.000%</td>
<td>0.200%</td>
<td>0.000%</td>
<td>0.000%</td>
</tr>
<tr>
<td>50%</td>
<td>1.000%</td>
<td>0.250%</td>
<td>0.250%</td>
<td>0.136%</td>
<td>0.000%</td>
</tr>
<tr>
<td>75%</td>
<td>1.000%</td>
<td>0.250%</td>
<td>0.300%</td>
<td>0.485%</td>
<td>0.008%</td>
</tr>
<tr>
<td>90%</td>
<td>1.297%</td>
<td>0.484%</td>
<td>0.500%</td>
<td>0.690%</td>
<td>0.250%</td>
</tr>
</tbody>
</table>

Source: On Indiana Government Shedding Light on Local Income Tax, Larry DeBoer, Tamara Ogle, June 7, 2018

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Indiana Local Income Tax Rates for Certified Shares, 2017

Certified Share Rates
- No Cert Share Rate
- Less than 1%
- 1%
- More than 1%

This slide was provided by Tamara Ogle and Larry DeBoer of Purdue, 5/1/19. View recorded training.
Indiana Local Income Tax Rates for Property Tax Relief, 2018

Property Tax Relief Rates

- No Rate
- Less than 0.25%
- 0.25% to 0.75%
- 0.75% or More

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By 2015, all Indiana counties had imposed at least one income tax.
Learn More about LIT


• Table 5 of Public Library Statistics - https://www.in.gov/library/plstats.htm
Considerations: Why we’re talking...

• Relationship between max levy, LIT and reserves in a post-HEA1343 environment.

• Are LIT-dependent libraries prepared for economic recession, changes to certified shares or possible transition to sharing based on GIS mapping?

• The map at right shows Workforce projections – **Green** is projected to grow by 2040 (14 counties).

• **Do possible future changes to LIT create opportunities to reach unserved?**
This concludes the recorded part of the session.

Thank you for your support of Indiana libraries.

Please look for a Q&A document.
Indiana Library Federation Learning Opportunities

Virtual Exchange Topics (Virtual Exchange – Join by computer from your location.)
• Capital Improvement Plans – 6/3
• Understanding HEA1343 – 7/1
• Communicating your Budget effectively – 7/15
• Criminal History Checks
• Library Board – Staff Relationships
• What else would benefit you?

Legislative Fall Forum – October TBD

Conferences
Youth Services Conference, August 25-26, Carmel – Children’s and teen librarians and staff gather for intensive learning sessions and networking.
ILF Annual Conference, November 3-5, Indianapolis – The premier library conference in Indiana, the conference includes sessions for all positions and types of libraries. Awards Banquet 11/3; Exhibit Hall, Keynote Speakers and 75 Learning Sessions 11/4-11/5.
Feedback on this session? What types of Virtual Update topics for future? How may ILF support your efforts?

Email Lucinda Nord, exec@ilfonline.org
Now let’s open for questions.

Open your Mic or type in the chatbox.