



Indiana Association of
Cities and Towns

2014 IACT Legislative Initiatives

CORNERSTONE:

1. Municipal LOIT authority:

- Allow municipal authority to implement LOIT and other fees in order to off-set tax losses.

2. Statewide authority to adopt food and beverage taxes:

- Level the playing field for food and beverage taxes by allowing all cities and towns statewide to have their own food and beverage tax which can be used for any municipal purpose.

OPERATIONAL:

1. Accurate Distribution of Local Income Tax (LOIT) Revenue:

- A state study showed that local units are not receiving all of the local option income tax revenue that is collected by the state. While the state collects the income tax from employers based on the county rate, it only distributes the revenue to locals when a tax return is filed. For those taxpayers who don't file tax returns, their local income tax is deposited into the state general fund and is counted as un-reconciled cash. Locals should receive all of its collected revenues and the distribution should occur upfront, based on the taxes collected, not based on returns filed.

2. Allow MVH and LRS to be Used Interchangeably

- Cities and towns have two main funding sources for constructing and maintaining roads and streets – the Motor Vehicle Highway (MVH) account and the Local Road and Street (LRS) account. While both revenue sources can be used for construction or maintenance, the lists of acceptable uses for the two funds do somewhat differ. For more ease and efficiency, cities and towns should be permitted to use these two funding sources interchangeably.

3. Uncouple the LOIT: Allow the Public Safety LOIT to be Adopted Without the Prerequisite to Adopt the Property Tax Relief or Levy Replacement LOIT

- When the state legislature first phased-in the tax caps, an option to pass a .25% local income tax for public safety was also implemented to help offset the loss in revenue from the caps, however, an equal percentage of property tax relief or property tax levy replacement LOIT had to be adopted first as a prerequisite. Now that tax caps are fully implemented, taxpayers have property tax protection and there is no need for the prerequisite.

4. Protect Rental Housing Inspection Programs

- During the last two sessions, the apartment association has attempted to get legislation passed which would prohibit cities and towns from having rental housing inspection programs. These programs are critical to public safety and health in several communities. The authority to have rental housing inspection programs and collect the fees to run the programs should remain in order to facilitate public safety and keep neighborhood standards at an acceptable level.

5. Meth Lab Clean-up: Require Sales Disclosures to Show that a Home Was Previously Used as a Meth Lab and Require Tax Sale Purchasers of Homes to Pay for Meth Clean-up as a Condition to Purchase

- Indiana has a methamphetamine epidemic. It ranks third in the nation for meth lab busts. While meth is devastating to the people who use it, the fumes released from cooking meth which seep into drywall, carpet, cabinetry, etc. are extremely dangerous. Home buyers should know before they purchase a home that the home was formerly used as a meth lab, so that they can work with the seller to properly remediate the problem. In addition, purchasers of properties at tax sale should be notified that the home has been used a meth lab and be required to pay for clean-up as a condition to purchase.

Questions? Contact IACT's Rhonda Cook or Justin Swanson at 317-237-6200.