## All About LOHUT

The Wheel Tax!!





## What Is a LOHUT?

- Local option highway user tax
  - What's in a name?

- Only local optional tax specifically for road funding available
  - Passed Indiana legislature in 1980





#### **LOHUT Is Two Different Taxes**

• 1. County motor vehicle excise surtax

• 2. County wheel tax

Must be adopted concurrently

Cannot have one without the other!



## 1. County Motor Vehicle Excise Surtax

- A surtax on the vehicle excise tax paid at time of registration
- Applies to:
  - Automobiles
  - Motorcycles
  - Trucks under 11,000 pounds



#### **Excise Surtax Rates**

- The excise surtax can be:
  - 2% to 10% of the excise tax
    - But not less than \$7.50, or
  - Flat amount of \$7.50 to \$25.00 per vehicle
- Must be same rate or amount on each motor vehicle
  - Excise taxes run from \$12 to \$1063
  - Depending on the original cost and age



## 2. County Wheel Tax

- County wheel tax is really a vehicle tax
- Applies to all vehicles NOT subject to the excise surtax, primarily larger and commercial vehicles
- Includes:
  - Buses
  - Recreational vehicles
  - Semitrailers
  - Tractors
  - Trailers
  - Trucks





#### Wheel Tax Rates

Rate may be between \$5.00 and \$40.00 per vehicle

May have different rates for each class of vehicles

 May have different rates within each class based on the weight class



## Wheel Tax "Exceptions"

- Does NOT include vehicles that are:
  - Owned by the state
  - Owned by a political subdivision
  - Subject to the annual excise surtax
  - Buses owned by religious or nonprofit youth organization



#### **How to Pass LOHUT**

 County Council must CONCURRENTLY pass an ordinance adopting the Excise Surtax AND the Wheel tax.

Must give notice

• If not unanimous vote, then must pass at two different meetings.



#### **Effective Dates**

- If passed after December 31 and before July 1, then tax will be collected the next year
  - Passed before July 1, 2012...
  - ...effective January, 2013
- If passed after June 30 but before January 1, then tax will be collected in two years
  - Passed on or after July 1, 2012...
  - ...effective January, 2014





## How is the money collected

- Both taxes are paid at time of registration at the BMV branch or main office
- BMV remits both taxes to County
- BMV retains processing fee of \$0.15 per transaction
- County Auditor allocates the money
- County Treasurer distributes



## Statewide Activity

- 25 counties w/ LOHUT prior to 2001
  - 1 county passed in 2002
  - 8 counties passed in 2003
  - 2 counties passed in 2004
  - 2 counties passed in 2005
  - 2 counties passed in 2005 after July 1 deadline
  - 3 county passed in 2006
  - 2 counties passed in 2007
  - 1 county passed in 2008
  - 1 county passed in 2009
- 47 counties now have LOHUT in place
- At least 10 additional counties are considering

## Statewide Activity

- Currently 51% of the counties have LOHUT
  - 47 of 92 counties
- But, 62.6% of the state population pays LOHUT
  - Most populated counties passed the tax very early
  - 6 of the 10 most populated counties have already passed LOHUT





## **Everybody Gets a Cut!**

- Don't think that the county gets it all
- All \$\$\$ raised is shared by:
  - County
  - Cities
  - Towns
- Distributed by the Local Road & Street formula





#### LRS Formula...

- Total county population more than 50,000
  - 60% based on relative population
  - 40% based on relative mileage
- Total county population less than 50,000
  - 20% based on relative population
  - 80% based on relative mileage



#### Revenue from the Tax

- The majority of the income comes from the Surtax
- Surtax more sensitive to rate changes
- Amount generated statewide in 2010: \$69 million
- LTAP Program to analyze rates



## LTAP Program Output



LONGT Allocations B	eport		 HERBRICAS GUURI				
County Excise Tax Vehicles			Net Excise Surfax Revenues from				
Parenwer Vehicles	95,795	_					

			Net Wheel Tax Revenues from				
County Wheel Tax Vehicles		Chosen Rates	Branch Fees	35 - Tax (Min)	\$40 - Tax (Max)	Chosen	
BUS	26	\$20.00	\$3.90	\$126.10	\$1,036.10	\$516.10	
BUS - CHURCH	72	\$0.00	310.80	\$349.20	\$2,869.20	\$0.00	
FARM SEMITRACTOR	152	\$20.00	\$22.80	\$737.20	96,057.20	\$3,017,20	
FARM SEMITRAILER	143	520.00	\$21.45	\$693.95	\$5,898,55	\$2,838.55	
FARM TRAILER	195	\$20.00	\$29.40	\$950,60	\$7,810.60	\$3,890.60	
FARM TRUCK	235	\$20.00	\$35.40	\$1,144.00	\$9,404.60	\$4,584.60	
RECOVERY VEHICLE	77	\$20.00	\$11.55	\$373.45	\$3,068.45	\$1,528.45	
RECREATIONAL VEHICLE	1885	\$20.00	\$249.75	\$8,075.25	\$66,350.25	\$38,050.25	
SCHOOL BUS	45	\$20.00	\$8.75	\$218.25	\$1,793.25	\$893.25	
SEMI TRACTOR	126	\$20.00	\$18.90	\$611.10	\$5,021.10	\$2,501.10	
SEMI TRAILOR	933	\$20.00	\$139.95	\$4,525.05	\$37,180.05	\$18,520.05	
SPECIAL MACHINE	17	\$20.00	\$2.55	\$82.45	\$877.45	\$337.45	
TRAILER	12483	\$20.00	\$1,872.45	980,542.55	\$497,447.55	\$247,787.55	
TRUCK	1948	\$20.00	\$292.20	39,447.00	\$77,827.80	\$38,887.80	
TRUCK CAMPER	1	\$20.00	\$0.15	\$4.05	\$39.65	\$19.85	
Totals	18120		\$2,718.00	\$87,882.00	\$722,082.00	5358,252.80	

City/Town	Population	Road Mileage	Aitoc 55	Alloc from Min Rates	Alloc from Max Rates	Alloc from Chosen Reles
PLAINFIELD	27831	140 68	16.23%	\$164,259.43	9652,127.43	\$485,460.93
BROWNSBURG	21286	97.62	12,13%	\$122,765.45	\$487,391.91	\$362,819.97
AVON	12446	76.11	7.79%	\$78,414.30	\$311,313,13	\$231,744.97
DANVILLE	9001	45.73	5.28%	\$53,474.83	\$212,300,77	\$158,039.06
PITTSBORG	3928	11.71	1.61%	316,295.61	\$84,695.32	\$48,159.92
CLAYTON	972	3.91	0.54%	\$5,417,48	\$21,507.98	\$16,010.78
COATESVILLE	523	3.81	0.35%	\$3,507.57	\$13,925.41	\$10,386.23
NORTH SALEM	516	3.75	0.34%	\$3,485.84	\$13,759.77	\$10,242.93
LIZTON	486	2.08	0.27%	\$2,753.58	\$10,931.94	\$6,137.80
AMO	401	3.72	0.29%	\$2,966.79	\$11,778.48	\$8.768.03
STILESVILLE	316	2.83	0.23%	\$2,302.68	\$9,141.87	\$6,805.31
City/ fown SubTotal	76509	301.83	45,01%	3455,623.55	\$1,808,874.00	\$1,348,545.98
County SubTotal	88914	773.89	54.99%	\$556,605.61	\$2,209,784 15	S1,644,937 97
County Total	145423	1185.72	100,00%	\$1,012,229.16	£4.018,658.15	\$2,891,533.95

#### Limitations on use

- Law requires that LOHUT revenue be spent to "construct, reconstruct, repair or maintain streets and roads under its jurisdiction."
- Big selling point can NOT be diverted for other uses, either at state or local levels



## Hendricks County's Experience

- Adopted in 2002
- Approved unanimously on first reading
- Set at flat \$20 rate for both taxes
- Restriction on use
- 43% goes to Maintenance, 57% goes to a Bond Issue; second bond issue added in 2009



## Hendricks County's Experience cont'd.

- In 2003 generated \$2.3 million with \$1.47 million to the County
- In 2010 generated \$3.1 million with \$1.8 million going to County
- Considering increase currently
- Problems with distribution



#### Recommendations

- Political selling points
  - Rates and uses can be customized to fit demographics
  - Limitations on use
  - Completely under local control
- Don't set rates too low
- Signage of projects



## Recommendations cont'd

- Build a Coalition using elected and appointed officials from all affected agencies
- Use Facts and Figures specific estimates of revenue using LTAP program or other sources
- Show the Potential Benefits specific projects that can be constructed using LOHUT revenue and time frame



# Where does LOHUT fit in total funding picture?

- Increasing importance
- Legislature and INDOT expecting locals to help themselves



## Any questions?

