

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

\$20 - Surtax }
 \$20 - Wheel Tax } as set currently

LDHBT Allocations Report

HENDRICKS COUNTY

County Excise Tax Vehicles		Net Excise Surtax Revenues from			
		Branch Fees	2% Surtax (Min)	\$25 Surtax (Max)	Chosen (L&D)
Passenger Vehicles	90,795				
Trucks < 11,000 lbs	31,808				
Motorcycles	5,178				
Total	132,056	\$10,899.85	\$824,347.16	\$3,295,578.15	\$2,633,281.15

County Wheel Tax Vehicles		Net Wheel Tax Revenues from				
	Chosen Rates	Branch Fees	\$5 - Tax (Min)	\$40 - Tax (Max)	Chosen	
BUS	26	\$21.00	\$3.90	\$125.10	\$1,036.10	\$518.10
RIS - CHURCH	72	\$0.00	\$10.00	\$349.20	\$7,869.20	\$7.00
FARM SEMI TRACTOR	152	\$20.00	\$22.80	\$737.20	\$9,057.20	\$3,017.20
FARM SEMI TRAILER	143	\$20.00	\$21.45	\$693.95	\$5,898.55	\$2,030.25
FARM TRAILER	196	\$30.00	\$29.40	\$959.00	\$7,510.60	\$3,850.60
FARM TRUCK	236	\$20.00	\$35.40	\$1,144.00	\$9,404.60	\$4,584.60
RECOVERY VEHICLE	77	\$20.00	\$11.55	\$373.45	\$1,060.45	\$1,528.45
RECREATIONAL VEHICLE	1695	\$20.00	\$249.75	\$8,075.25	\$66,350.25	\$39,350.25
SCHOOL BUS	45	\$20.00	\$6.75	\$218.25	\$1,793.25	\$193.25
SEMI TRACTOR	126	\$20.00	\$18.90	\$611.10	\$7,091.10	\$2,501.10
SEMI TRAILER	993	\$20.00	\$139.95	\$4,525.05	\$37,190.05	\$16,520.25
SPECIAL MACHINE	17	\$20.00	\$2.55	\$82.45	\$677.45	\$337.45
TRAILER	12483	\$20.00	\$1,072.45	\$90,542.55	\$497,447.55	\$247,787.55
TRUCK	1349	\$20.00	\$292.20	\$9,447.00	\$77,827.00	\$39,887.80
TRUCK CAMPER	1	\$20.00	\$0.15	\$4.05	\$39.65	\$18.85
Totals	18120		\$2,715.00	\$87,887.00	\$727,982.00	\$366,252.80

CITY/Town	Population	Road Mileage	Alloc %	Alloc from Min Rates	Alloc from Max Rates	Alloc from Chosen Rates
PLAINFIELD	27831	140.88	18.23%	\$184,259.43	\$932,127.43	\$485,460.03
BROWNSBURG	21286	97.62	12.13%	\$120,765.45	\$487,361.91	\$362,619.97
AVON	12446	76.11	7.75%	\$78,414.30	\$311,313.13	\$231,744.97
DANVILLE	9001	45.73	5.28%	\$53,474.83	\$212,300.77	\$159,089.06
PITTSBORO	3928	11.71	1.61%	\$16,296.61	\$61,866.32	\$40,159.62
CLAYTON	372	3.91	0.54%	\$5,417.48	\$21,597.68	\$16,010.76
COATESVILLE	523	3.81	0.35%	\$3,597.57	\$13,925.41	\$10,386.23
NORTH SALEM	516	3.75	0.34%	\$3,485.04	\$13,759.77	\$10,242.93
LITTON	486	2.08	0.27%	\$2,753.59	\$10,661.94	\$8,137.46
AMD	401	3.72	0.29%	\$2,866.79	\$11,778.48	\$8,758.03
STILESVILLE	316	2.83	0.23%	\$2,302.68	\$9,141.87	\$6,875.31
City/Town SubTotal	76509	501.83	46.01%	\$455,823.55	\$1,808,874.00	\$1,348,545.98
County SubTotal	88914	773.89	54.99%	\$556,605.61	\$2,709,764.15	\$1,644,897.97
County Total	145423	1185.72	100.00%	\$1,013,238.16	\$4,019,598.15	\$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?

