

## **Local Income Tax Distribution Agreement**

This Local Income Tax Distribution Agreement (“Agreement”) by and between the members of the Elkhart County Municipal Unit Strategic Taskforce (“ECMUST”) is effective upon the date of the last member to sign.

### Recitals

A. Senate Enrolled Act 1, enacted by the 2025 General Assembly of the State of Indiana, modified Indiana Code § 6-3.6-6-2, effective July 1, 2027, to establish a local income expenditure tax rate maximum threshold that, by the total of its various capped component rates, does not exceed 2.9% on the adjusted gross income of taxpayers who reside in the county or otherwise qualify as local taxpayers.

B. House Enrolled Act No. 1210, enacted by the 2026 General Assembly of the State of Indiana, created a mechanism to allow Counties to submit unanimously to the Indiana Department of Local Government Finance an agreed-upon proposed local income tax distribution agreement.

C. The General Assembly authorized the creation of a Municipal Unit Strategic Taskforce, consisting of a county council representative and the fiscal officer of each city and town, recognizing the important role that each local government plays in both knowing the needs of its citizens and establishing mechanisms for responding to those needs, to allow a County, its cities, and its towns to negotiate and establish through unanimous support a local income tax distribution agreement as it pertains to the maximum local income tax rates.

D. The ECMUST deliberated on the needs of each local government, the approaches established to address those needs, opportunities for cost savings through collaboration, and the applicable local income tax distribution needed for Elkhart County, each city, and each town.

E. This Agreement will be submitted to the Department of Local Government Finance for consideration by the Indiana Legislative Council.

F. The ECMUST recognizes that the structure developed by SEA 1 (2025) provides a system for establishing local income tax distributions in counties where the county government and municipalities are unable to work in collaboration.

G. Based upon the ECMUST’s ability to unanimously agree to this Agreement, the political subdivisions of Elkhart County believe legislation should be adopted that allows Elkhart

County to distribute its annual county local income tax receipts while maintaining the State of Indiana's goal of limiting each county to a maximum local income tax threshold of 2.9% on the adjusted gross income of taxpayers who reside in the county.

H. The ECMUST has proposed a legislative amendment in this Agreement to achieve these goals.

NOW THEREFORE, the ECMUST establishes, by agreement, the following county local income tax rates for consideration by the Department of Local Government Finance and the General Assembly of the State of Indiana:

#### Agreement

1. The ECMUST recommends that legislation be adopted to allow Elkhart County, each city, and each town to annually meet and establish agreed-upon distribution amounts to be allocated from a total uniform expenditure tax rate for Elkhart County so long as the maximum total expenditure tax rate does not exceed the total maximum amount established by Indiana Code § 6-3.6-6-2 (presently 2.5% for Elkhart County, but set to become 2.9% as of July 1, 2028). This proposed new legislation would allow counties, like Elkhart County, that can work together through collaboration to establish a county local income tax rate for allocation and distribution to the appropriate governmental units without complying with the required applicable component rate limitations incorporated into Indiana Code §§ 6-3.6-6-2(b)(1)-(4) and 6-3.6-6-22 established by SEA1 (2025).

2. For calendar year 2027, the ECMUST agrees to keep the county local income tax rate as follows: 1.75% expenditure tax rate (currently allowable under Indiana Code § 6-3.6-6-2) and a 0.25% special purpose rate (allowable under Indiana Code § 6-3.6-7-8).

3. The ECMUST unanimously agrees to allocate the 2027 total local income expenditure tax rate (identified as 1.75% for 2027) as outlined in the attached Exhibit A.

4. The ECMUST understands that the rates shown in Sections 2 and 3 above are below the maximum threshold and desires for the legislature to keep its maximum at the rates authorized for other counties in the State of Indiana to account for adjustments needed as Elkhart County, its cities, and its towns continue to fully evaluate the impact of all legislation adopted by the State of Indiana.

The ECMUST members have entered into this Agreement as signed below.

**County of Elkhart**

\_\_\_\_\_  
Steven E. Clark, Council Member  
Dated: \_\_\_\_\_

**City of Elkhart**

\_\_\_\_\_  
Kristie Wendorf, City Controller  
Dated: \_\_\_\_\_

**City of Goshen**

\_\_\_\_\_  
Richard Aguirre, Clerk-Treasurer  
Dated: \_\_\_\_\_

**City of Nappanee**

\_\_\_\_\_  
Jeff Knight, Clerk-Treasurer  
Dated: \_\_\_\_\_

**Town of Middlebury**

\_\_\_\_\_  
Chali' Kuiper, Clerk-Treasurer;  
Dated: \_\_\_\_\_

**Town of Bristol**

\_\_\_\_\_  
Cathy Antonelli, Clerk-Treasurer  
Dated: \_\_\_\_\_

**Town of Wakarusa**

\_\_\_\_\_  
Katie Fromer, Clerk-Treasurer  
Dated: \_\_\_\_\_

**Town of Millersburg**

\_\_\_\_\_  
MacKenzie Taylor, Clerk-Treasurer  
Dated: \_\_\_\_\_

**Town of Syracuse**

\_\_\_\_\_  
Virginia Cazier, Clerk-Treasurer  
Dated: \_\_\_\_\_

## Exhibit A - Allocation of County Expenditure Tax Rate (1.75%)

<b>Unit</b>	<b>Percentage of the 1.75% Expenditure Tax Rate Allocated</b>	<b>Effective County LIT Expenditure Tax Rate</b>
Elkhart County	39.065%	0.6836375%
Town of Bristol	1.410%	0.024675%
City of Elkhart	31.530%	0.551775%
City of Goshen	12.810%	0.224175%
Town of Middlebury	1.500%	0.02625%
Town of Millersburg	0.510%	0.008925%
City of Nappanee	3.140%	0.05495%
Town of Syracuse	0.005%	0.0000875%
Town of Wakarusa	1.050%	0.018375%
Bristol Library	0.100%	0.00175%
Elkhart Library	2.000%	0.035%
Goshen Library	0.710%	0.012425%
Middlebury Library	0.310%	0.005425%
Nappanee Library	0.360%	0.0063%
Wakarusa Library	0.170%	0.002975%
Baugo Township	0.380%	0.00665%
Benton Township	0.090%	0.001575%
Cleveland Township	0.950%	0.016625%
Clinton Township	0.080%	0.0014%
Concord Township	0.840%	0.0147%
Elkhart Township	0.210%	0.003675%
Harrison Township	0.110%	0.001925%
Jackson Township	0.170%	0.002975%
Jefferson Township	0.450%	0.007875%
Locke Township	0.040%	0.0007%
Middlebury Township	0.790%	0.013825%
Olive Township	0.060%	0.00105%
Osolo Township	0.730%	0.012775%
Union Township	0.090%	0.001575%
Washington Township	0.200%	0.0035%
York Township	0.140%	0.00245%
<b>Total</b>	<b>100.000%</b>	<b>1.75%</b>