Indiana Local Technical Assistance Program

Local Option Highway User Tax (LOHUT)
What Is a LOHUT?

- Local option highway user tax
- Only local optional tax specifically for road funding available
  - Passed Indiana legislature in 1980
LOHUT Is Two Different Taxes

- County motor vehicle excise surtax
- County wheel tax
- Must be adopted concurrently
- Cannot have one without the other
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
County Wheel Tax

- County wheel tax is really a vehicle tax
- Applies to all vehicles NOT subject to the excise surtax
- 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, 2009…
  - …effective January, 2010

- If passed after June 30 but before January 1, then tax will be collected in two years
  - Passed on or after July 1, 2009…
  - …effective January, 2011
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
- County Auditor allocates the money
- County Treasurer distributes
Statewide Activity

- 25 counties w/ LOHUT prior to 2001
  - 1 county passed in 2002
  - 9 counties passed in 2003
  - 2 counties passed in 2004
  - 4 counties passed in 2005
  - 2 counties passed in 2005 after July 1 deadline
  - 1 county passed in 2006
  - 2 counties passed in 2007
  - 1 county passed in 2008
- 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 Portion

- All of the revenues are shared:
  - 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
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