

PROPERTY TAXES IN INDIANA

66 COMPLETED COUNTIES - 2007-2008



Legislative Services Agency

October 2008

Statewide Overview of Changes in Homeowners' Tax Bills

The Legislative Services Agency has completed county property tax studies for 66 counties to date. The counties include 50% of all homesteads in Indiana. The average homestead tax bill decreased by one-third from Pay 2007 to Pay 2008. The average homestead tax bill decreased in all 66 counties, and 95.8% of homesteads saw tax decreases.

The General Assembly provided an additional \$870 M in homestead credits for 2008 tax bills. As can be seen in the table below, without the additional homestead credit, homeowners' tax bills in the 66 counties would have increased on average by 1.1%, and only 38.7% of homeowners would have seen decreases.

The average homestead saw a property tax bill reduction of about 32.1% in Pay 2008 in the 66 counties analyzed so far. These counties contain 50% of all Indiana homesteads.

With the additional homestead credit, it was estimated that homeowner taxes should fall by a statewide average of about one-third. After review of the first 66 counties, the average reduction is 32.1%. The size of the homestead tax bill changes varied significantly by county. In 8 counties the average homestead tax bill fell by 50% or more. On the other hand, in 16 counties the tax bill reduction was less than 30%. (Wabash County saw the largest average reduction, at 81.7%, and Hancock County saw the smallest average reduction, at 11.5%.) In the midrange of results, 14 counties experienced an average tax bill reduction between 40% and 50%, and 28 counties saw a reduction averaging between 30% and 40%.

Changes in Homeowner Tax Bills from 2007 to 2008				
Totals For 66 Counties				
Change in Tax Bill	With Added 2008 Homestead Credit		Illustrated Without Added 2008 Homestead Credit	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
20% or more	16,091	1.9%	81,257	9.8%
10% to 19%	3,727	0.4%	113,596	13.7%
1% to 9%	8,769	1.1%	308,929	37.1%
0%	6,368	0.8%	6,626	0.8%
-1% to -9%	27,087	3.3%	155,358	18.7%
-10% to -19%	104,724	12.6%	60,457	7.3%
-20% to -29%	131,210	15.8%	47,884	5.8%
-30% to -39%	215,430	25.9%	17,727	2.1%
-40% to -49%	170,634	20.5%	12,257	1.5%
-50% to -59%	81,182	9.8%	15,851	1.9%
-60% to -69%	23,748	2.9%	5,085	0.6%
-70% to -79%	20,721	2.5%	1,733	0.2%
-80% to -89%	11,483	1.4%	870	0.1%
-90% to -99%	6,622	0.8%	462	0.1%
-100%	<u>4,368</u>	<u>0.5%</u>	<u>4,072</u>	<u>0.5%</u>
Total	832,164	100.0%	832,164	100.0%
Higher Tax Bill	28,587	3.4%	503,782	60.5%
No Change	6,368	0.8%	6,626	0.8%
Lower Tax Bill	797,209	95.8%	321,756	38.7%
Average Change in Tax Bill	-32.1%		1.1%	

The scatter diagram, below, shows two reasons for this range in tax reductions. The diagram plots the average homestead tax bill reduction in each county against the total property tax levy change in each county. The points generally slope upward, which implies that counties with larger levy increases had smaller homestead tax bill decreases. Tax bill reductions were greater where levies decreased or where the levy growth was small.

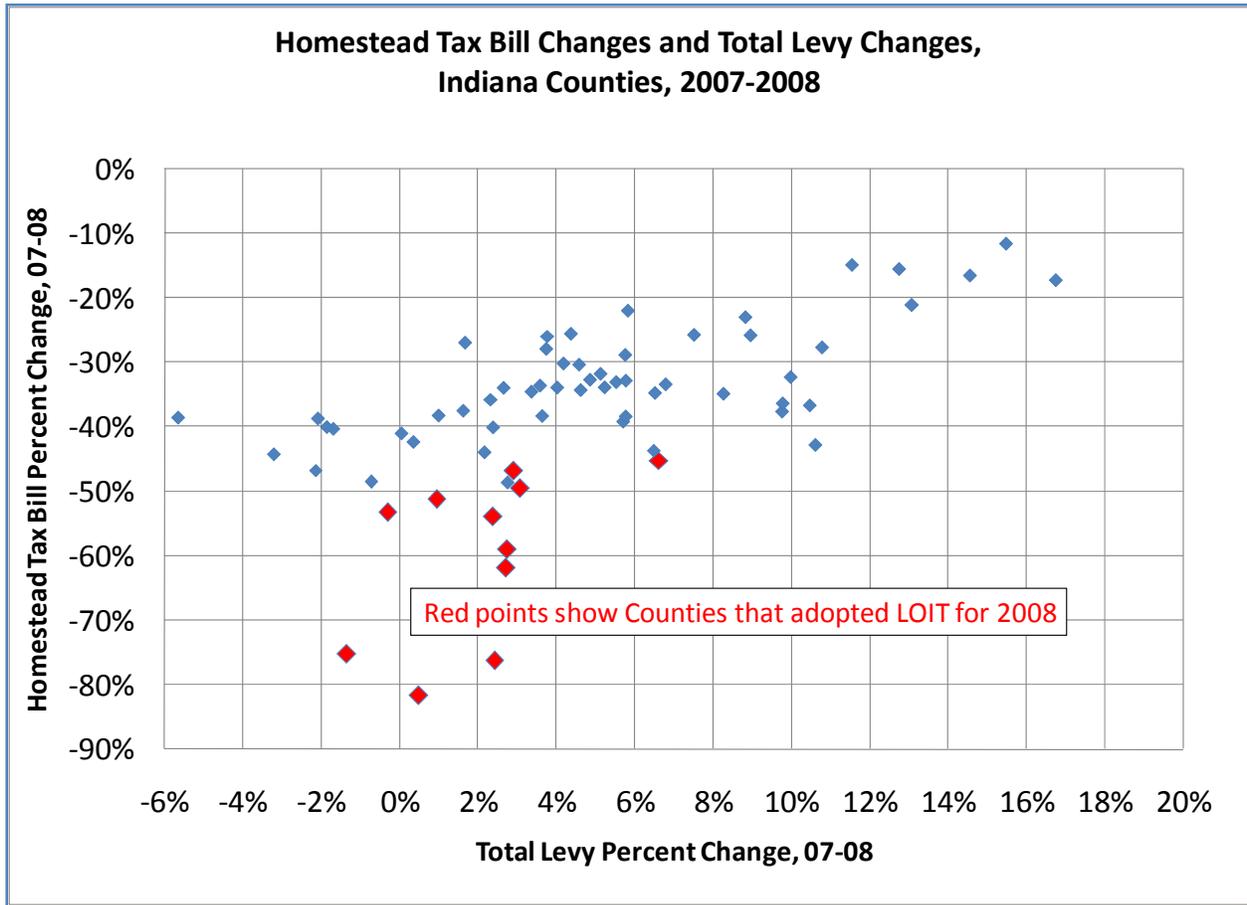


Table 2, below, also illustrates the relationship between levy changes and homestead tax bill reductions. In the 55 counties that did not adopt a new LOIT for 2008, those with levy reductions from 2007 to 2008 saw average homestead tax cuts of 42.4%. Counties with overall levy increases in the middle range, 3% to 7%, saw average homestead tax cuts of 32.6%. And those counties with levy increases of more than 10% saw average homestead tax cuts of only 23.5%.

	Levy Change 2007-2008	Average Tax Bill Change 2007-2008	Number of Counties
Non-LOIT Counties	Less Than 0%	-42.4%	7
	0% - 3%	-38.8%	10
	3% - 7%	-32.6%	22
	7% - 10%	-31.4%	6
	More Than 10%	-23.5%	10
Average for Non-LOIT Counties	5.2%	-33.1%	55
Average for LOIT Counties	2.0%	-59.4%	11

In 2007, 11 of the 66 counties adopted a LOIT for property tax relief effective for Pay 2008. (These counties are shown with red points in the scatter diagram and in the bottom line of Table 2.) The 9 counties with the largest homestead tax bill reductions adopted LOIT. Table 2 shows that the LOIT counties saw an average homestead tax bill cut of 59.4%.

These 11 LOIT-adopting counties had an average levy increase of only 2%, less than the 5.2% average for non-adopting LOIT counties. This is because 7 of these counties adopted the LOIT that freezes nonschool operating levies. By comparison, non-LOIT counties with levy increases between 0% and 3% had average homestead tax bill reductions of 38.8%. On average, adopting LOIT added about 20% to the homestead tax bill cut, bringing the average reduction in LOIT counties to 59.4%.

Tax bill reductions were larger in counties with smaller property tax levy growth. Tax bill reductions were smaller in counties where levy growth was greater. Homestead tax reductions were particularly large in counties that adopted a LOIT for property tax relief for PAY 2008. Adopting a LOIT increased the average tax cut by about 20%.

Table 3 shows details for the seven counties that saw overall property tax levy decreases from 2007 to 2008 and, also, the ten counties that saw overall levy increases of more than 10%. The last column of the table describes the main reasons for the levy changes.

Reductions in county welfare levies were the main reason for overall levy decreases in all seven of the counties where levies fell.

On the other hand, increases in school corporation debt service levies were an important reason for levy increases in eight of the ten counties with increases of more than 10%. In five of these eight counties school corporation general funds also increased substantially. Large county welfare levy increases contributed to large overall levy increases in only three counties.

County welfare levies fell substantially in all counties with overall levy decreases. Large overall levy increases occurred mostly where school debt service and school general fund levies increased substantially.

Changes in levies and adoption of LOIT explain much of the variation in homestead tax bill results. Other factors influence homestead tax bills, however. Tax bills are likely to fall more where homestead assessed values rise less than assessments of other kinds of property. In such counties, taxes would shift from homesteads to other property. Tax bill

changes will also be affected by the location of homesteads within county tax districts. If more homesteads are located in tax districts where levy growth was smaller, the homestead tax reduction will be larger.

Appendix A is a summary of all 66 completed counties. This summary includes the 2007 to 2008 change in homestead tax bills, both actual and before application of the \$870 M in additional homestead credits. The summary also shows the 2007 to 2008 percentage change in the total property tax levy for all units in the county. Lastly, the LOIT tax rate for 2008 is shown for each adopting county. The portions of the rate dedicated to levy freeze, homestead credits, residential credits, and property tax replacement credits for all properties are included.

Table 3
Reasons for Levy Decreases or Large Levy Increases

Counties with Levy Decreases

County	Homestead Change	Levy Change	Explanation
Scott	-38.5%	-5.7%	The tax levy fell mainly because of decreases in the county welfare levies and the Scott County District Number 1 School Corporation debt service and capital projects fund levies.
Cass	-44.2%	-3.2%	The county welfare levies accounted for most of the decrease.
Huntington	-46.7%	-2.2%	Reductions in the county welfare levies and the Huntington School Corporation debt service levy accounted for most of the overall levy drop.
Starke	-38.6%	-2.1%	The county welfare levies and Knox City's general fund saw the largest levy decreases.
Sullivan	-39.9%	-1.9%	The largest tax decreases were in the county welfare levies.
Pike	-40.2%	-1.7%	The largest tax decreases were in the county general fund and welfare levies.
Vanderburgh	-48.5%	-0.7%	The county welfare levies accounted for most of the decrease.

Counties with Levy Increases of More than 10%

County	Homestead Change	Levy Change	Explanation
Crawford	-32.2%	10.0%	Crawford County Community School Corporation general fund and debt service fund levies saw the largest increases.
Switzerland	-36.6%	10.4%	The Switzerland County School Corporation levy for bus replacement saw the largest increase.
Rush	-42.7%	10.6%	County welfare levies and the Rush County School Corporation capital projects levy saw the largest increases.
Franklin	-27.6%	10.8%	The largest increases were in the Franklin County Community School Corporation general fund and debt service fund levies.
Hamilton	-14.8%	11.5%	The largest increases were in the Hamilton Southeastern School Corporation general fund and capital projects levies, the Carmel-Clay School Corporation general fund and pension debt levies, the Noblesville School Corporation general fund and debt service levies, and various Carmel City levies.
Owen	-15.4%	12.7%	County welfare levies increased significantly, as did the Spencer-Owen Community School Corporation general fund and debt service levies.
Adams	-21.1%	13.1%	County levies for welfare increased substantially, as did Adams Central and South Adams School Corporation levies for debt service.
Union	-16.4%	14.5%	The Union County School Corporation general fund, debt service, capital projects, and bus replacement levies increased the most.
Hancock	-11.5%	15.5%	The Greenfield Central Community School Corporation and Mt. Vernon School Corporation debt service levies saw the largest increases.
Lawrence	-17.1%	16.7%	North Lawrence School Corporation was responsible for the largest levy increase, due to increases in taxes for debt service.

**Appendix A. Changes in Homeowner Tax Bills from 2007 to 2008
66 Available Counties To Date**

2008 LOIT Tax Rate Adopted

County	Tax Bill Change (Actual)	Tax Bill Change Before		2008 LOIT Tax Rate Adopted				
		\$870 M Homestead Credit	Total Levy Change	Levy Freeze	Hmstd Credit	Res Credit	All Property Credit	Total
Adams	-21.1%	15.6%	13.1%					
Allen	-33.8%	3.0%	4.0%					
Bartholomew	-38.1%	0.8%	1.0%					
Benton	-59.0%	-20.8%	2.7%				1.00%	1.00%
Carroll	-32.7%	3.9%	5.8%					
Cass	-44.2%	-5.3%	-3.2%					
Clay	-43.6%	6.8%	6.5%					
Crawford	-32.2%	3.8%	10.0%					
Daviess	-36.3%	3.4%	9.8%					
Dearborn	-25.5%	1.3%	4.4%					
DeKalb	-34.7%	7.1%	6.5%					
Delaware	-34.4%	6.3%	3.4%					
Dubois	-21.9%	5.9%	5.8%					
Fayette	-76.2%	-15.3%	2.4%			1.00%		1.00%
Fountain	-38.3%	3.1%	5.8%					
Franklin	-27.6%	13.7%	10.8%					
Fulton	-33.9%	11.8%	2.6%					
Gibson	-30.1%	0.3%	4.2%					
Grant	-42.3%	0.3%	0.3%					
Greene	-22.9%	5.9%	8.8%					
Hamilton	-14.8%	5.9%	11.5%					
Hancock	-11.5%	13.2%	15.5%					
Harrison	-40.9%	-6.6%	0.0%					
Henry	-35.7%	0.5%	2.3%					
Howard	-49.5%	-23.1%	3.1%		0.50%			0.50%
Huntington	-46.7%	-4.6%	-2.2%					
Jay	-61.9%	-27.5%	2.7%	0.40%		0.50%		0.90%
Jefferson	-33.5%	-0.1%	3.6%					
Jennings	-26.8%	4.0%	1.7%					
Knox	-37.4%	2.2%	1.6%					
Kosciusko	-27.8%	3.8%	3.7%					
LaGrange	-33.8%	3.7%	5.2%					
Lawrence	-17.1%	21.4%	16.7%					
Marshall	-32.6%	5.1%	4.8%					
Martin	-31.7%	0.7%	5.1%					

2008 LOIT Tax Rate Adopted

County	Tax Bill Change (Actual)	Tax Bill Change Before \$870 M Homestead Credit	Total Levy Change	2008 LOIT Tax Rate Adopted				
				Levy Freeze	Hmstd Credit	Res Credit	All Property Credit	Total
Miami	-33.3%	9.1%	6.8%					
Montgomery	-75.2%	-51.1%	-1.4%		0.80%		0.20%	1.00%
Morgan	-53.9%	-24.8%	2.4%	0.20%			1.00%	1.20%
Newton	-34.8%	6.9%	8.2%					
Noble	-33.0%	3.3%	5.5%					
Ohio	-48.6%	-1.7%	2.7%					
Orange	-40.0%	-3.7%	2.4%					
Owen	-15.4%	11.6%	12.7%					
Parke	-53.3%	-17.1%	-0.3%	0.30%			0.25%	0.55%
Perry	-30.2%	1.5%	4.6%					
Pike	-40.2%	-3.4%	-1.7%					
Pulaski	-51.2%	-22.2%	0.9%	0.40%			1.00%	1.40%
Randolph	-43.9%	-1.2%	2.2%					
Ripley	-37.5%	3.9%	9.7%					
Rush	-42.7%	11.4%	10.6%					
Scott	-38.5%	-11.2%	-5.7%					
Spencer	-34.2%	-1.2%	4.6%					
Starke	-38.6%	-9.6%	-2.1%					
Steuben	-25.6%	9.0%	7.5%					
Sullivan	-39.9%	-6.5%	-1.9%					
Switzerland	-36.6%	5.9%	10.4%					
Tippecanoe	-28.8%	5.9%	5.7%					
Tipton	-39.1%	2.5%	5.7%					
Union	-16.4%	14.3%	14.5%					
Vanderburgh	-48.5%	-3.0%	-0.7%					
Vigo	-38.2%	9.4%	3.6%					
Wabash	-81.7%	-47.2%	0.5%	0.40%	0.50%		0.50%	1.40%
Warren	-46.9%	-9.7%	2.9%	0.30%			0.25%	0.55%
Warrick	-25.9%	4.8%	3.8%					
Wells	-45.2%	-6.0%	6.6%	0.40%	0.20%			0.60%
Whitley	-25.7%	7.3%	8.9%					
Avg / Count								
66 Counties	-32.1%	1.1%	4.8%	7	4	2	7	11