

2010 Property Tax Report

Benton County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Benton County between 2009 and 2010, with comparison to changes between 2007 and 2010. The report also shows the overall changes to property tax levies and property assessments since the recent property tax reforms have been implemented. Explanatory information is provided to highlight changes that are unique to Benton County and those that have occurred throughout the state. All statewide averages are based on data received from 90 counties, except Lake and LaPorte.

Comparable Homestead Property Tax Changes in Benton County

| | 2009 to 2010 | | 2007 to 2010 | |
|------------------------------------|----------------------|------------------|----------------------|------------------|
| | Number of Homesteads | % Share of Total | Number of Homesteads | % Share of Total |
| Summary Change in Tax Bill | | | | |
| Higher Tax Bill | 1,742 | 75.1% | 37 | 1.6% |
| No Change | 204 | 8.8% | 14 | 0.6% |
| Lower Tax Bill | 375 | 16.2% | 2,270 | 97.8% |
| Average Change in Tax Bill | 5.4% | | -45.0% | |
| Detailed Change in Tax Bill | | | | |
| 20% or More | 197 | 8.5% | 22 | 0.9% |
| 10% to 19% | 489 | 21.1% | 6 | 0.3% |
| 1% to 9% | 1,056 | 45.5% | 9 | 0.4% |
| 0% | 204 | 8.8% | 14 | 0.6% |
| -1% to -9% | 240 | 10.3% | 14 | 0.6% |
| -10% to -19% | 74 | 3.2% | 26 | 1.1% |
| -20% to -29% | 22 | 0.9% | 105 | 4.5% |
| -30% to -39% | 7 | 0.3% | 503 | 21.7% |
| -40% to -49% | 6 | 0.3% | 752 | 32.4% |
| -50% to -59% | 3 | 0.1% | 372 | 16.0% |
| -60% to -69% | 3 | 0.1% | 125 | 5.4% |
| -70% to -79% | 3 | 0.1% | 88 | 3.8% |
| -80% to -89% | 1 | 0.0% | 61 | 2.6% |
| -90% to -99% | 1 | 0.0% | 44 | 1.9% |
| -100% | 15 | 0.6% | 180 | 7.8% |
| Total | 2,321 | 100.0% | 2,321 | 100.0% |

Note: Percentages may not total due to rounding.

The average homeowner saw a 5.4% tax bill increase from 2009 to 2010.

Homestead taxes in 2010 were still 45.0% lower than they were in 2007, before the property tax reforms.

97.8% of homeowners saw lower tax bills in 2010 than in 2007.

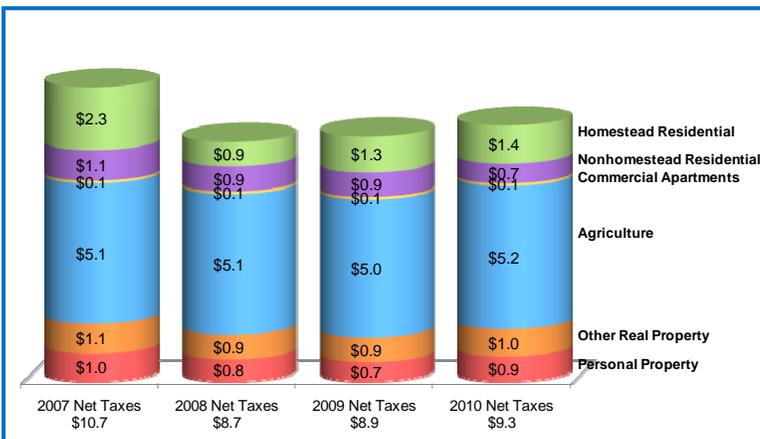
66.6% of homeowners saw tax increases of between 1% and 19% from 2009 to 2010.

The largest percentage of homeowners have seen between a 30% and 49% decrease in their tax bills from 2007 to 2010.

Benton County Overview

The larger-than-average increase in homeowner tax bills had two main causes. Local homestead property tax credit rates fell in Benton County in 2010, due to a decline in the local income tax revenues that fund these credits. Benton County homeowners benefitted less from the one percent property tax cap than did homeowners in the average county, because Benton County property tax rates and home values were not high enough for many homeowners to qualify for tax cap credits, and because of the high local homestead credit rate. Property tax levies increased slightly less than the state average in Benton County in 2010, 2.1% compared to 2.4% in the state as a whole. The county general fund levy and South Newton School Corporation capital projects and debt service levies saw increases, but these were offset by declines in the Benton School Corporation debt service and bus replacement levies.

Comparison of Net Property Tax by Property Type
(In Millions)



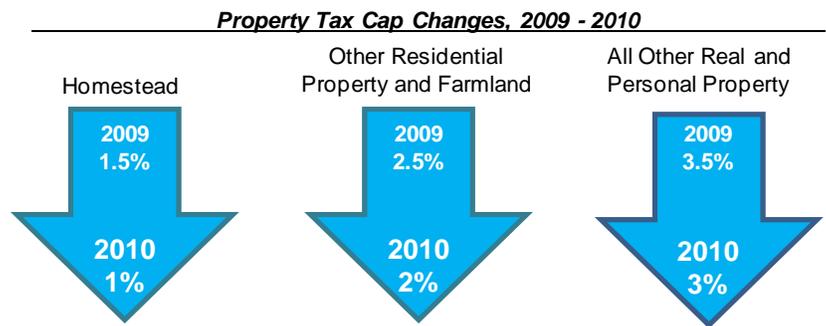
Net tax bills for all taxpayers increased 3.4% in Benton County from 2009 to 2010. This was higher than the statewide reduction of 1.4%. In 2010 apartment owners saw a 3.7% decrease in tax bills. This decrease was due mainly to the tightening of the tax caps from 2.5% to 2% for rental housing. The tightening of the tax caps also affected nonhomestead residential property (mostly small rental residences), which saw a 21.9% decrease in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw a 5.3% and 20.5% increase, respectively, in tax bills in 2010. This was mainly

because of new business investment in Benton County. Commercial and industrial property did not benefit very much from the tightened tax caps because most of Benton County's tax rates were not high enough for this type of property to qualify for tax cap credits. Agricultural business property saw a 4.1% increase in tax payments in 2010 because of the Benton County tax levy increases and the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre.

2010 Property Tax Policy Changes

Property Tax Caps. Property tax caps tightened to their permanent levels. The tighter caps meant more taxpayers were eligible for tax cap credits. This resulted in greater reductions in property tax revenue for local governments.

State Homestead Credits. State homestead credits were reduced by 43% between 2009 and 2010 as part of a scheduled phaseout. The average statewide credit rate fell from 8% to 5% as a result. The credit will be eliminated in 2011.



Tax Cap Credits

Tax cap credits in Benton County in 2010 amounted to 2.5% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was partly due to Benton County having a smaller share of its net assessed value in the residential category which is capped at 2%. This category includes rental housing, which tends to be in cities and towns where tax rates usually are above \$2 per \$100 assessed value. If the rate exceeds the tax cap, rental housing would be eligible for tax cap credits. Most farmland, which is also subject to the 2% cap is located in taxing districts with tax rates under \$2. Few commercial or industrial properties in the 3% tax cap category qualified for credits because only 3 of 17 Benton County district tax rates exceeded \$3. Neither Benton County tax rates nor home values were high enough for a large share of homesteads to qualify for credits in the 1% category.

**2010 Circuit Breaker Credits by Cap Category
Benton County Total \$273,469**

| 1% | 2% | 3% | Elderly |
|----------|-----------|---------|---------|
| \$34,195 | \$231,196 | \$6,736 | \$1,342 |
| 12.5% | 84.5% | 2.5% | 0.5% |

Benton County, the Town of Fowler, and the Benton Community School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the Town of Fowler lost the most of all taxing districts, at 11.4%. The Fowler taxing district had the highest tax rate in the county. The Boswell TIF district lost 37.2%, or \$255.

The Effects of Recession

In Benton County the recession has had an effect on the economy. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 4.2% in December 2007 to 11.1% in July 2009. Job losses and income declines contributed to a 1.3% drop in local income tax revenue. Because part of this revenue is used for property tax relief, local property tax credit rates declined in Benton County in 2010.

Benton County Gross Assessed Value by Property Type

| Property Type | Gross AV 2009 | Gross AV 2010 | Gross AV Change |
|------------------------|----------------------|----------------------|-----------------|
| Homesteads | 241,440,200 | 243,285,600 | 0.8% |
| Other Residential | 33,412,100 | 33,211,600 | -0.6% |
| Ag Business/Land | 359,999,700 | 375,959,700 | 4.4% |
| Business Real/Personal | 118,947,520 | 323,675,400 | 172.1% |
| Total | \$753,799,520 | \$976,132,300 | 29.5% |

In addition, the recession reduced new construction, so less new property was added to assessment roles. The recession also reduced some property values, which affected assessed values through annual trending. Lower assessed values on existing properties may result in higher tax rates for local taxpayers. In those instances where taxpayers' bills are limited by the caps, the higher rates may result in higher circuit breaker credits, causing increased revenue losses for local governments.

In Benton County, the gross assessed value of business real and personal property increased 172.1% in 2010, and total gross assessed value in Benton County rose 29.5%. This increase includes significant new investment in the county and is higher than the state average increase of 0.6%.

The tables on the following pages illustrate 2007 – 2010 levy comparisons, 2010 tax rates and credit rates, and 2010 circuit breaker losses by taxing unit.

Benton County Levy Comparison by Taxing Unit

| Taxing Unit | 2007 | 2008 | 2009 | 2010 | % Change | | |
|--|------------|------------|------------|------------|-----------|-----------|-----------|
| | | | | | 2007-2008 | 2008-2009 | 2009-2010 |
| <i>County Total</i> | 14,707,240 | 15,110,052 | 10,738,546 | 10,967,751 | 2.7% | -28.9% | 2.1% |
| State Unit | 12,576 | 14,243 | 0 | 0 | 13.3% | -100.0% | |
| Benton County | 3,110,391 | 3,212,933 | 2,677,789 | 2,805,468 | 3.3% | -16.7% | 4.8% |
| Bolivar Township | 24,757 | 24,949 | 25,757 | 26,606 | 0.8% | 3.2% | 3.3% |
| Center Township | 53,462 | 53,789 | 55,658 | 57,872 | 0.6% | 3.5% | 4.0% |
| Gilboa Township | 12,282 | 11,458 | 12,792 | 12,584 | -6.7% | 11.6% | -1.6% |
| Grant Township | 17,137 | 17,921 | 18,751 | 19,452 | 4.6% | 4.6% | 3.7% |
| Hickory Grove Township | 47,855 | 50,052 | 51,183 | 53,793 | 4.6% | 2.3% | 5.1% |
| Oak Grove Township | 31,502 | 31,248 | 32,050 | 33,116 | -0.8% | 2.6% | 3.3% |
| Parish Grove Township | 16,231 | 16,894 | 17,554 | 18,317 | 4.1% | 3.9% | 4.3% |
| Pine Township | 16,334 | 16,730 | 16,911 | 17,512 | 2.4% | 1.1% | 3.6% |
| Richland Township | 25,675 | 26,920 | 28,175 | 29,216 | 4.8% | 4.7% | 3.7% |
| Union Township | 10,669 | 10,904 | 11,383 | 11,782 | 2.2% | 4.4% | 3.5% |
| York Township | 12,931 | 13,506 | 13,433 | 14,071 | 4.4% | -0.5% | 4.7% |
| Ambia Civil Town | 22,047 | 22,603 | 23,480 | 24,718 | 2.5% | 3.9% | 5.3% |
| Boswell Civil Town | 185,545 | 194,258 | 199,417 | 210,249 | 4.7% | 2.7% | 5.4% |
| Earl Park Civil Town | 50,729 | 52,999 | 54,304 | 57,188 | 4.5% | 2.5% | 5.3% |
| Fowler Civil Town | 815,423 | 829,670 | 846,400 | 888,532 | 1.7% | 2.0% | 5.0% |
| Otterbein Civil Town | 141,778 | 144,630 | 142,983 | 150,700 | 2.0% | -1.1% | 5.4% |
| Oxford Civil Town | 237,444 | 245,195 | 251,157 | 258,729 | 3.3% | 2.4% | 3.0% |
| Benton Community School Corp | 8,233,630 | 8,360,591 | 5,134,281 | 4,968,777 | 1.5% | -38.6% | -3.2% |
| South Newton School Corp | 411,093 | 499,966 | 230,449 | 364,357 | 21.6% | -53.9% | 58.1% |
| Tri County School Corp | 632,070 | 773,798 | 350,451 | 366,065 | 22.4% | -54.7% | 4.5% |
| Boswell Public Library | 137,159 | 101,403 | 111,649 | 117,408 | -26.1% | 10.1% | 5.2% |
| Earl Park Public Library | 27,141 | 26,117 | 26,840 | 28,271 | -3.8% | 2.8% | 5.3% |
| Otterbein Public Library | 152,382 | 86,002 | 124,844 | 137,043 | -43.6% | 45.2% | 9.8% |
| Oxford Public Library | 92,938 | 96,427 | 98,711 | 103,819 | 3.8% | 2.4% | 5.2% |
| Benton County Public Library | 166,938 | 165,346 | 172,400 | 181,838 | -1.0% | 4.3% | 5.5% |
| York Township Public Library | 9,121 | 9,500 | 9,744 | 10,268 | 4.2% | 2.6% | 5.4% |
| Northwest Indiana Solid Waste Mgt Dist | 0 | 0 | 0 | 0 | | | |

Benton County Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

| Dist # | Taxing District | Tax Rate | LOIT PTRC | Credit Rates | | | | | | Net Tax Rate, Homesteads |
|--------|------------------------|----------|-----------|-----------------|----------------|-----------------|-------------------|----------------|------------------|--------------------------|
| | | | | State Homestead | COIT Homestead | CEDIT Homestead | CEDIT Residential | LOIT Homestead | LOIT Residential | |
| 04001 | Bolivar Township | 1.6994 | 14.2955% | 5.0421% | -- | 5.6286% | -- | -- | -- | 1.2751 |
| 04002 | Otterbein (Bolivar) | 2.6447 | 14.2955% | 5.0421% | -- | 1.4260% | -- | -- | -- | 2.0956 |
| 04003 | Center Township | 1.5800 | 14.2955% | 5.0421% | -- | 15.4340% | -- | -- | -- | 1.0306 |
| 04004 | Fowler (Center) | 3.5512 | 14.2955% | 5.0421% | -- | 1.5623% | -- | -- | -- | 2.8090 |
| 04005 | Gilboa Township | 1.3721 | 14.2955% | 5.0421% | -- | 11.4910% | -- | -- | -- | 0.9491 |
| 04006 | Grant Township | 1.7130 | 14.2955% | 5.0421% | -- | 6.9609% | -- | -- | -- | 1.2625 |
| 04007 | Boswell (Grant) | 3.4136 | 14.2955% | 5.0421% | -- | 1.8041% | -- | -- | -- | 2.6919 |
| 04008 | Hickory Grove Township | 1.6662 | 14.2955% | 5.0421% | -- | 12.2451% | -- | -- | -- | 1.1400 |
| 04009 | Ambia (Hickory Grove) | 2.8100 | 14.2955% | 5.0421% | -- | 0.6201% | -- | -- | -- | 2.2492 |
| 04010 | Oak Grove Township | 1.6723 | 14.2955% | 5.0421% | -- | 11.2724% | -- | -- | -- | 1.1604 |
| 04011 | Oxford (Oak Grove) | 3.2118 | 14.2955% | 5.0421% | -- | 1.7932% | -- | -- | -- | 2.5331 |
| 04012 | Parish Grove Township | 1.5404 | 14.2955% | 5.0421% | -- | 12.2014% | -- | -- | -- | 1.0546 |
| 04013 | Pine Township | 1.5477 | 14.2955% | 5.0421% | -- | 5.9297% | -- | -- | -- | 1.1566 |
| 04014 | Richland Township | 1.5875 | 14.2955% | 5.0421% | -- | 10.4503% | -- | -- | -- | 1.1146 |
| 04015 | Earl Park (Richland) | 2.6724 | 14.2955% | 5.0421% | -- | 1.5400% | -- | -- | -- | 2.1145 |
| 04016 | Union Township | 1.5336 | 14.2955% | 5.0421% | -- | 10.6639% | -- | -- | -- | 1.0735 |
| 04017 | York Township | 1.4959 | 14.2955% | 5.0421% | -- | 15.4787% | -- | -- | -- | 0.9751 |

Notes: A *Taxing District* is a geographic area of a county where taxing units overlap, so the sum of the taxing unit tax rates is the total district rate.

The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value.

The *State Homestead Credit* is the HEA1001-2008 special rate, which will be eliminated after 2010.

The *LOIT, COIT, and CEDIT* credits are funded by local income taxes.

The *Net Tax Rate for Homesteads* is calculated by reducing the tax rate by the various credit percentages.

Benton County 2010 Circuit Breaker Cap Credits

| Taxing Unit Name | Circuit Breaker Credits by Property Type | | | | | Total | Levy | Circuit Breaker as % of Levy |
|--|--|--------------------------------|-------------------------|---------|---------|------------|-------|------------------------------|
| | (2%) | | (3%) | | | | | |
| | (1%) Homesteads | Other Residential and Farmland | All Other Real/Personal | Elderly | | | | |
| <i>Non-TIF Total</i> | 34,195 | 230,942 | 6,736 | 1,342 | 273,215 | 10,967,751 | 2.5% | |
| <i>TIF Total</i> | 0 | 255 | 0 | 0 | 255 | 684 | 37.2% | |
| <i>County Total</i> | 34,195 | 231,196 | 6,736 | 1,342 | 273,469 | 10,968,435 | 2.5% | |
| Benton County | 4,593 | 32,494 | 899 | 215 | 38,200 | 2,805,468 | 1.4% | |
| Bolivar Township | 1 | 114 | 0 | 1 | 116 | 26,606 | 0.4% | |
| Center Township | 170 | 733 | 36 | 5 | 943 | 57,872 | 1.6% | |
| Gilboa Township | 0 | 0 | 0 | 0 | 0 | 12,584 | 0.0% | |
| Grant Township | 2 | 131 | 0 | 0 | 133 | 19,452 | 0.7% | |
| Hickory Grove Township | 0 | 75 | 0 | 2 | 76 | 53,793 | 0.1% | |
| Oak Grove Township | 10 | 270 | 0 | 3 | 283 | 33,116 | 0.9% | |
| Parish Grove Township | 0 | 0 | 0 | 0 | 0 | 18,317 | 0.0% | |
| Pine Township | 0 | 0 | 0 | 0 | 0 | 17,512 | 0.0% | |
| Richland Township | 0 | 39 | 0 | 1 | 40 | 29,216 | 0.1% | |
| Union Township | 0 | 0 | 0 | 0 | 0 | 11,782 | 0.0% | |
| York Township | 0 | 0 | 0 | 2 | 2 | 14,071 | 0.0% | |
| Ambia Civil Town | 0 | 1,257 | 0 | 0 | 1,257 | 24,718 | 5.1% | |
| Boswell Civil Town | 315 | 17,165 | 0 | 10 | 17,490 | 210,249 | 8.3% | |
| Earl Park Civil Town | 10 | 1,686 | 0 | 0 | 1,696 | 57,188 | 3.0% | |
| Fowler Civil Town | 18,300 | 79,021 | 3,845 | 521 | 101,687 | 888,532 | 11.4% | |
| Otterbein Civil Town | 59 | 5,740 | 0 | 35 | 5,833 | 150,700 | 3.9% | |
| Oxford Civil Town | 653 | 17,751 | 0 | 69 | 18,473 | 258,729 | 7.1% | |
| Benton Community School Corp | 9,460 | 66,929 | 1,851 | 390 | 78,631 | 4,968,777 | 1.6% | |
| South Newton School Corp | 0 | 0 | 0 | 51 | 51 | 364,357 | 0.0% | |
| Tri County School Corp | 0 | 0 | 0 | 0 | 0 | 366,065 | 0.0% | |
| Boswell Public Library | 40 | 2,182 | 0 | 1 | 2,223 | 117,408 | 1.9% | |
| Earl Park Public Library | 1 | 97 | 0 | 1 | 98 | 28,271 | 0.3% | |
| Otterbein Public Library | 12 | 1,205 | 0 | 7 | 1,225 | 137,043 | 0.9% | |
| Oxford Public Library | 67 | 1,820 | 0 | 11 | 1,898 | 103,819 | 1.8% | |
| Benton County Public Library | 504 | 2,232 | 106 | 15 | 2,857 | 181,838 | 1.6% | |
| York Township Public Library | 0 | 0 | 0 | 1 | 1 | 10,268 | 0.0% | |
| Northwest Indiana Solid Waste Mgt Dist | 0 | 0 | 0 | 0 | 0 | 0 | | |
| TIF - Boswell (Grant) | 0 | 255 | 0 | 0 | 255 | 684 | 37.2% | |

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local government units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

Circuit Breaker Credit Types:

Homesteads are owner-occupied primary residences and include homestead land and buildings in the 1% tax cap category. Owner-occupied mobile homes and agricultural homesteads are included in this category. This category only includes credits on the portion of the property that qualifies as a homestead.

Other Residential/Farmland includes small rental housing units, larger commercial apartments, second homes, long-term care facilities, and farmland, in the 2% tax cap category.

All Other Real/Personal is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3% tax cap category. This category also includes credits on the portion of homeowner properties that do not qualify as a homestead.

Elderly includes credits for the 2% annual limit on homestead tax bill increases for low-income homeowners, age 65 and over.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. For TIF districts, this amount represents the TIF proceeds before circuit breaker credits. This information is included to allow comparison to the circuit breaker revenue losses.

Numbers may not total due to rounding.