

# 2009 FAYETTE COUNTY PROPERTY TAX REPORT

## WITH COMPARISONS TO 2007 AND 2008

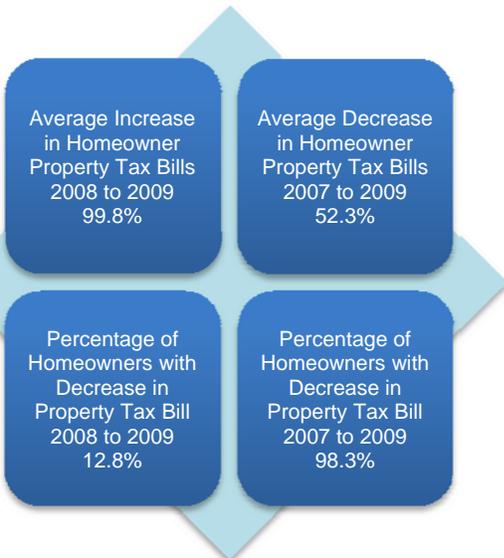


Legislative Services Agency

November 2009 (Updated)

In March 2008, the Indiana General Assembly enacted the most substantial property tax reforms in 35 years. Many of these reforms took effect for the first time in 2009. Property taxes for the school general fund, county welfare funds, and several smaller funds were eliminated and their costs taken over by the state. State property tax replacement credits and most state homestead credits were eliminated, with the money used to fund added state school and welfare costs. Homeowners received a new 35% deduction from their homestead assessments. Property tax caps limited tax bills to a fixed percentage of property assessments. These caps were 1.5% for homesteads, 2.5% for other housing and farmland, and 3.5% for all other property. Taxpayers with tax bills higher than these caps received added tax credits. Local governments did not collect the property tax amounts above the caps.

### Details of Changes to Homeowner Property Tax Bills Fayette County



Change in Tax Bill	Change from 2008 to 2009		Change from 2007 to 2009	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
20% or More	4,945	79.4%	23	0.4%
10% to 19%	146	2.3%	5	0.1%
1% to 9%	262	4.2%	14	0.2%
0%	73	1.2%	66	1.1%
-1% to -9%	117	1.9%	29	0.5%
-10% to -19%	71	1.1%	67	1.1%
-20% to -29%	65	1.0%	155	2.5%
-30% to -39%	42	0.7%	644	10.3%
-40% to -49%	47	0.8%	1,546	24.8%
-50% to -59%	40	0.6%	1,781	28.6%
-60% to -69%	39	0.6%	830	13.3%
-70% to -79%	36	0.6%	340	5.5%
-80% to -89%	24	0.4%	276	4.4%
-90% to -99%	21	0.3%	144	2.3%
-100%	298	4.8%	306	4.9%
<b>Total</b>	<b>6,226</b>	<b>100.0%</b>	<b>6,226</b>	<b>100.0%</b>
Higher Tax Bill	5,353	86.0%	42	0.7%
No Change	73	1.2%	66	1.1%
Lower Tax Bill	800	12.8%	6,118	98.3%
Average Change in Tax Bill	99.8%		-52.3%	

Note: Percentages may not total due to rounding.

*Policy Changes with Offsetting Effects on Tax Bills.* The interaction of multiple policy changes, plus local changes in levies and assessments, determine how tax bills change in each county. Eliminating the school general fund and county welfare levies reduced levies by 30.6% statewide. The new 35% supplemental homestead deduction reduced tax bills for homeowners, but also reduced taxable assessed value in each jurisdiction. Taxable assessed value fell 14.3% in Indiana as a whole. As a result of the lower assessed value, tax rates were not reduced by the full amount of the levy reductions. The elimination of the property tax replacement and homestead credits partially offset the drop in tax rates. The average property tax replacement credit statewide was 20.1% in 2008. Total state homestead credits averaged 39.5% statewide in 2008, and this rate fell to 7.2% in 2009. The circuit breaker tax caps reduced tax bills in places with high tax rates. Counties that adopted new local option income taxes delivered additional property tax relief. (Statewide averages are now based on 85 counties reporting.)

Factors Affecting Homeowner Tax Bills	Fayette County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-23.3%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-29.8%	-30.6%
State PTRC Percentage, 2008	22.4%	20.1%
Total State Homestead Credit, 2008	47.7%	39.5%
Total State Homestead Credit, 2009	19.7%	7.2%
Did County Adopt a LOIT in 2008 or 2009?	Yes	

Note: State Average based on data for 85 counties available November 2009

*Effects on County Tax Bills.* Statewide, average homeowner tax bills fell by about 1% from 2008 to 2009. Average homeowner tax bills in Fayette County increased by 99.8%--they effectively doubled. Fayette County saw a much larger than average reduction in assessed value in 2009, of 23.3%. This was partly due to the new 35% supplemental homestead deduction, but also to the loss of a large auto parts plant that had been a major part of Fayette County's tax base. As a result, tax rates did not fall nearly as much in Fayette County as they did in the rest of the state. The loss of property tax replacement credits and homestead credits more than offset this small tax rate cut, causing the tax bill increase. Fayette County adopted a local option income tax for property tax relief for 2008, and this cut

## 2009 Property Tax Changes:

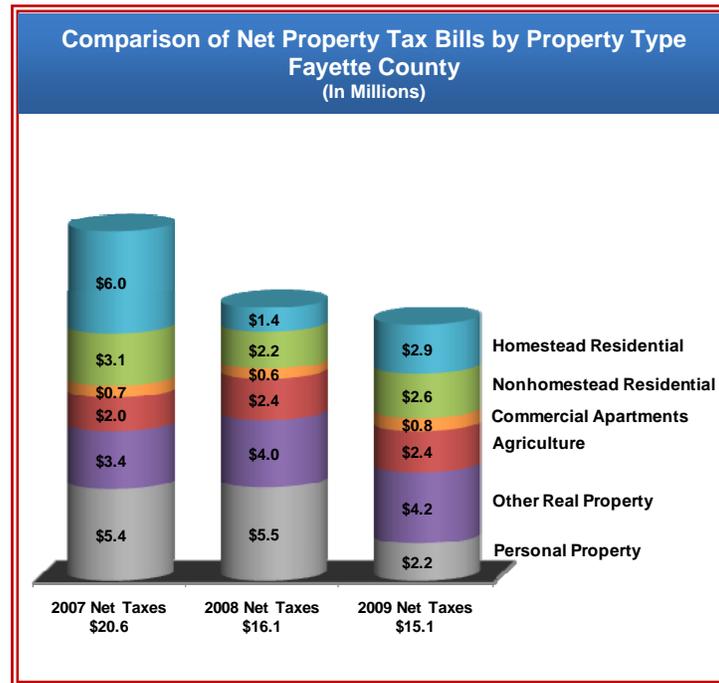
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

State Property Tax Replacement Credits were eliminated, and State Homestead Credits were much reduced – Credits didn't apply to debt service levies, so they were lower in units with more debt service; such units lost less from the elimination of the credits, and so received relatively more net benefit from the new tax relief programs.

Counties could adopt new LOIT for property tax relief in 2008 and 2009 - Homeowners in 41 counties that adopted a LOIT saw larger property tax cuts or smaller tax increases; other taxpayers benefitted if counties distributed tax credits to nonhomestead property.

Circuit Breaker Tax Caps were enacted at 1.5% of gross assessed value for homes, 2.5% for rental housing and farmland, and 3.5% for other property- Rental housing and commercial/industrial property received the most tax cap credits; cities and towns and jurisdictions that overlap them lost the most revenue to the caps.

2008 homeowner tax bills by 76%. The income tax had little additional effect in 2009, however. Only a few elderly Fayette County homeowners were eligible for the circuit breaker tax cap credits. Still, homeowner taxes were substantially lower in 2009 compared to 2007 in Fayette County, as they were in most Indiana counties



In Fayette County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw an 18.2% increase in average property tax bills. Average tax bills on commercial apartments increased 33.3%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw no significant change in average tax bills. Other commercial, industrial, and utility real property average tax bills increased 5.0%. Personal property, which is largely business equipment, saw a 60.0% decrease in average tax bills.

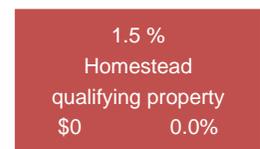
**Circuit Breaker Tax Caps.** Property tax caps limit taxpayers' tax bills to a fixed percentage of their property's assessed value before deductions. Tax bills that exceed the caps are reduced by a tax credit. The cap rates were 1.5% for homesteads, 2.5% for other residential property and farmland, and 3.5% for other property. In 2010 and after, the cap rates will be 1%, 2%, and 3%, respectively.

**Local Revenue Losses.** Local governments do not collect the amount of these tax cap credits, and the revenue is not replaced. More taxpayers are likely to be eligible for circuit breaker tax cap credits in jurisdictions with higher tax rates. Tax districts in cities and towns tend to have higher tax rates because the municipal tax rate is added to tax bills. Cities and towns and jurisdictions that share taxpayers with cities and towns tend to lose the most revenue to tax cap credits.

**Tax Bill Reductions.** Generally, as a result of tax relief from homestead deductions most homeowners did not have tax bills high enough to qualify for tax cap credits. Rental housing has a lower tax cap than other businesses, and much of it is located in cities and towns, so many rental housing owners receive credits. Most farmland is outside cities and towns in jurisdictions with low tax rates. Few farmland owners receive credits. Commercial and industrial property tends to receive credits where tax rates are relatively high.

### Total Circuit Breaker Tax Cap Credit Amount for Fayette County \$711,791

Percentage share of circuit breaker tax cap credits by cap category...



### Fayette County Levy Comparison by Taxing Unit

Unit	2007 Levy	2008 Levy	2009 Levy	2007-2008 Levy Change	2008-2009 Levy Change	2008 - 2009 Comparable Levy Change
<b>County Total</b>	<b>\$27,862,844</b>	<b>\$28,535,131</b>	<b>\$20,438,374</b>	<b>2.4%</b>	<b>-28.4%</b>	<b>5.4%</b>
State Unit	20,499	21,242	0	3.6%	-100.0%	
Fayette County	6,803,074	7,397,365	5,109,880	8.7%	-30.9%	0.8%
Columbia Township	7,196	7,453	7,437	3.6%	-0.2%	-0.2%
Connersville Township	117,188	121,596	126,384	3.8%	3.9%	3.9%
Fairview Township	6,681	6,928	11,578	3.7%	67.1%	67.1%
Harrison Township	55,442	80,585	83,180	45.4%	3.2%	3.2%
Jackson Township	10,860	11,265	11,665	3.7%	3.6%	3.6%
Jennings Township	4,130	4,286	4,412	3.8%	2.9%	2.9%
Orange Township	8,034	8,317	11,640	3.5%	40.0%	40.0%
Posey Township	15,653	16,200	16,738	3.5%	3.3%	3.3%
Waterloo Township	5,821	6,023	6,077	3.5%	0.9%	0.9%
Connersville Civil City	7,639,463	7,920,450	7,523,958	3.7%	-5.0%	3.3%
Glenwood Civil Town	13,629	15,028	14,967	10.3%	-0.4%	-0.4%
Fayette County School Corporation	12,603,412	12,274,067	6,840,400	-2.6%	-44.3%	12.0%
Fayette County Public Library	551,762	644,326	670,058	16.8%	4.0%	4.0%
Fayette County Solid Waste Management District	0	0	0	0.0%	0.0%	0.0%

Note: 2008 – 2009 Comparable Levy Change reflects the percentage change in the remaining levies after levy reductions for state assumption of pre-1977 police and fire pension fund payments and elimination of these funds: state fair, state forestry, school general, preschool special education, family and children, children’s psychiatric residential treatment, medical assistance to wards, children with special health care needs, and hospital care for the indigent.

## Fayette County Assessed Values, Levies, Tax Rates, and Credit Rates by Taxing District

Taxing District	Net Assessed Value (In Millions \$)			Gross Levy (\$)			Tax Rate (%)		State PTRC Rate-Real	State Homestead, Total		Total Local Income Tax Credits, Homesteads	
	2008	2009	% Change	2008	2009	% Change	2008	2009	2008	2008	2009	2008	2009
Columbia Township	28.5	23.0	-19.4%	662,184	425,929	-35.7%	2.3245	1.8556	24.58%	44.86%	19.68%	36.84%	28.13%
Connersville Township	127.8	100.7	-21.2%	2,990,455	1,889,274	-36.8%	2.3397	1.8755	24.53%	44.95%	19.68%	36.84%	28.13%
Connersville City-Connersville	232.8	197.6	-15.1%	9,230,865	7,969,504	-13.7%	3.9651	4.0334	21.05%	49.89%	19.68%	36.84%	28.13%
Fairview Township	23.0	22.2	-3.6%	535,905	416,238	-22.3%	2.3279	1.8747	24.57%	44.88%	19.68%	36.84%	28.13%
Glenwood Town-Fairview Township	0.6	0.6	0.3%	19,198	18,021	-6.1%	3.4672	3.2453	21.83%	49.05%	19.68%	36.84%	28.13%
Harrison Township	52.8	45.5	-13.8%	1,234,257	856,200	-30.6%	2.3394	1.8822	24.47%	44.80%	19.68%	36.84%	28.13%
Connersville City-Harrison Township	260.9	148.7	-43.0%	10,326,962	5,997,576	-41.9%	3.9579	4.0340	21.03%	49.79%	19.68%	36.84%	28.13%
Jackson Township	50.9	41.2	-19.0%	1,180,179	763,183	-35.3%	2.3204	1.8515	24.59%	44.84%	19.68%	36.84%	28.13%
Jennings Township	36.4	31.5	-13.5%	841,712	578,856	-31.2%	2.3098	1.8372	24.63%	44.78%	19.68%	36.84%	28.13%
Orange Township	26.7	22.6	-15.3%	621,079	423,453	-31.8%	2.3289	1.8740	24.56%	44.89%	19.68%	36.84%	28.13%
Glenwood Town-Orange Township	0.7	0.6	-25.9%	25,785	17,901	-30.6%	3.4682	3.2507	21.82%	49.05%	19.68%	36.84%	28.13%
Posey Township	36.7	35.2	-4.1%	858,775	657,818	-23.4%	2.3429	1.8708	24.44%	44.76%	19.68%	36.84%	28.13%
Waterloo Township	25.4	23.0	-9.4%	589,723	425,761	-27.8%	2.3220	1.8496	24.59%	44.85%	19.68%	36.84%	28.13%
<b>County Totals/Averages</b>	<b>903.1</b>	<b>692.3</b>	<b>-23.3%</b>	<b>29,117,079</b>	<b>20,439,716</b>	<b>-29.8%</b>	<b>3.2241</b>	<b>2.9526</b>	<b>22.40%</b>	<b>47.67%</b>	<b>19.68%</b>	<b>36.84%</b>	<b>28.13%</b>

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 *Net Assessed Value* is the total taxable assessed value of all property types, after deductions. It declined in 2009 because of the introduction of the new 35% supplemental deduction for homesteads. The *Gross Levy* is the amount of property tax to be collected, before credits. It declined in 2009 because of the elimination of the levies for school general funds, county welfare funds, and several smaller funds. The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value. Rates fell because the drop in the levies due to levy elimination was greater than the reduction in assessed value due to the new deduction. *State PTRC Rate - Real* is the state property tax replacement credit for real property in 2008. This credit was eliminated in 2009. The *State Homestead, Total* is the sum of the regular state homestead credit rate, which was eliminated in 2009, and the HEA1001-2008 special rate, which was reduced in 2009. The *Total Local Income Tax Credits - Homesteads* is the sum of the COIT and CEDIT homestead credit rates and the LOIT credit rates for homesteads, residential property, and all property. These are credits funded by local income taxes, including the COIT, the CEDIT, and the CAGIT for property tax relief.

## Fayette County 2009 Circuit Breaker Cap Credits

Taxing Unit	Total Levy	Circuit Breaker Credits by Property Type				Total
		(1.5%) Homesteads	(2.5%) Other Residential/ Farmland	(3.5%) All Other Real/Personal	Elderly	
Fayette County	5,109,880	0	122,733	0	10,020	132,752
Columbia Township	7,437	0	0	0	12	12
Connersville Township	126,384	0	4,038	0	282	4,319
Fairview Township	11,578	0	3	0	0	3
Harrison Township	83,180	0	2,184	0	210	2,393
Jackson Township	11,665	0	0	0	25	25
Jennings Township	4,412	0	0	0	9	9
Orange Township	11,640	0	4	0	7	10
Posey Township	16,738	0	0	0	0	0
Waterloo Township	6,077	0	0	0	8	8
Connersville Civil City	7,523,958	0	360,793	0	15,981	376,774
Glenwood Civil Town	14,967	0	349	0	0	349
Fayette County School Corporation	6,840,400	0	164,317	0	13,414	177,732
Fayette County Public Library	670,058	0	16,090	0	1,314	17,404
Three Rivers Solid Waste Management District	0	0	0	0	0	0
Fayette County Solid Waste District	0	0	0	0	0	0
<b>Total - All Taxing Units</b>	<b>20,438,374</b>	<b>0</b>	<b>670,511</b>	<b>0</b>	<b>41,280</b>	<b>711,791</b>

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.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. It is included to allow comparison to the circuit breaker revenue losses.

**Circuit Breaker Credits:**

*Homesteads* are owner-occupied primary residences and include homestead land and buildings in the 1.5% 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, long-term care facilities, and farmland, in the 2.5% tax cap category.

*All Other Real/Personal* is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3.5% 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.