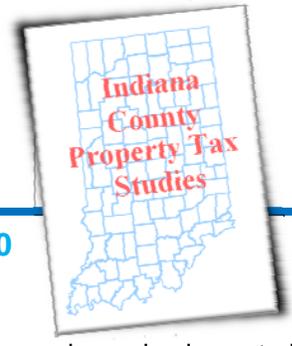


2010 Property Tax Report

Fayette County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Fayette 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 Fayette County and those that have occurred throughout the state. Statewide averages are based on data from all counties except Lake and LaPorte.

Comparable Homestead Property Tax Changes in Fayette County

The average homeowner saw an 18.0% tax bill increase from 2009 to 2010.

Homestead taxes in 2010 were still 42.9% lower than they were in 2007, before the property tax reforms.

	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	4,974	80.3%	107	1.7%
No Change	513	8.3%	62	1.0%
Lower Tax Bill	709	11.4%	6,027	97.3%
Average Change in Tax Bill	18.0%		-42.9%	
Detailed Change in Tax Bill				
20% or More	3,596	58.0%	43	0.7%
10% to 19%	805	13.0%	20	0.3%
1% to 9%	573	9.2%	44	0.7%
0%	513	8.3%	62	1.0%
-1% to -9%	275	4.4%	94	1.5%
-10% to -19%	174	2.8%	200	3.2%
-20% to -29%	88	1.4%	648	10.5%
-30% to -39%	34	0.5%	1,565	25.3%
-40% to -49%	21	0.3%	1,387	22.4%
-50% to -59%	14	0.2%	786	12.7%
-60% to -69%	12	0.2%	297	4.8%
-70% to -79%	13	0.2%	233	3.8%
-80% to -89%	9	0.1%	222	3.6%
-90% to -99%	4	0.1%	142	2.3%
-100%	65	1.0%	453	7.3%
Total	6,196	100.0%	6,196	100.0%

97.3% of homeowners saw lower tax bills in 2010 than in 2007.

71.0% of homeowners saw tax increases of 10% or more 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.

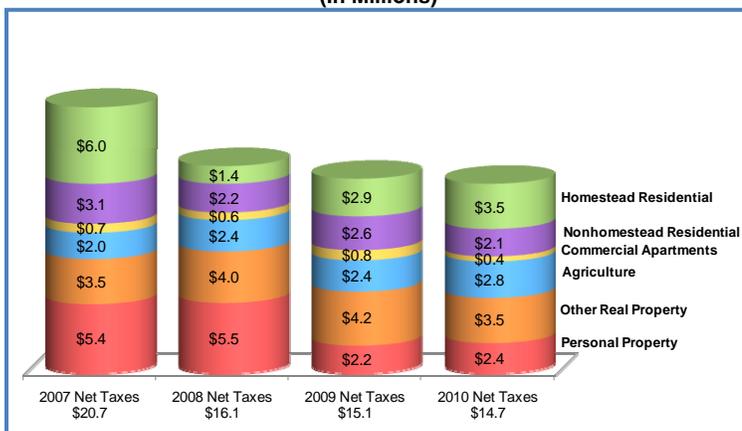
Note: Percentages may not total due to rounding.

Fayette County Overview

The much larger-than-average increase in homeowner tax bills had a number of causes. Property tax levies increased 5.8% in Fayette County in 2010, compared to the state average increase of 2.4%. This was in part due to increases in the county general fund levy, Connersville City road fund levy, and the Fayette School Corporation debt service and bus replacement levies. Local homestead property tax credit rates fell in Fayette County in 2010 due to a decline in the local income tax revenues that fund these credits. Fayette County homeowners benefitted somewhat less from the 1% property tax cap than did homeowners in the average county, primarily because Fayette County home values were too low and the

local homestead credits too high for most homeowners to qualify for tax cap credits. In addition, the assessed value of commercial and industrial real property fell in Fayette in 2010, resulting in a tax shift to homeowners.

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



Net tax bills for all taxpayers decreased 1.9% in Fayette County from 2009 to 2010. This was a larger reduction than the statewide reduction of 1.4%. In 2010 apartment owners saw a 46.2% decrease in tax bills. This large 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 an 18.8% decrease in tax bills. Other real and personal property, mostly

commercial and industrial land, buildings, and equipment, saw a 15.4% decrease and an 11.8% increase, respectively, in tax bills in 2010. The decrease in business real property taxes was mainly caused by the tightening of the tax caps from 3.5% to 3% for this type of property. While gross assessments for personal property declined by 1.2%, net taxable value grew by 11.5% because of a reduction in personal property deductions and exemptions. This accounts for the increase in total taxes on personal property.

Agricultural business property saw a 15.8% increase in tax payments in 2010 because of higher tax rates and the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre.



Tax Cap Credits

Tax cap credits in Fayette County in 2010 amounted to 14.4% of the total property tax levy. The statewide average was 6.0%. The larger percentage loss in the county was mainly due to higher-than-average tax rates in Fayette County. There were substantial circuit breaker credits in the 2% and 3% property tax cap classes. Fayette County home values were not high enough for a large share of homesteads to qualify for credits in the 1% category.

Fayette County, Connersville, and the Fayette County School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, Connersville City lost the most, at 21.3%. Losses were greatest for units that overlapped the municipalities of Connersville and Glenwood because these tax districts had the highest tax rates.

**2010 Circuit Breaker Credits by Cap Category
Fayette County Total \$3,121,304**

	1%	2%	3%	Elderly
	\$197,291	\$1,613,558	\$1,249,968	\$60,487
	6.3%	51.7%	40.1%	1.9%

The Effects of Recession

In Fayette 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 8.8% in December 2007 to 15.5% in July 2009. Job losses and income declines contributed to a 7.8% drop in local income tax revenue. Because part of this revenue is used for property tax relief, local property tax credit rates declined in Fayette County in 2010.

Fayette County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	636,946,800	622,313,400	-2.3%
Other Residential	108,393,300	99,085,900	-8.6%
Ag Business/Land	147,275,800	150,554,200	2.2%
Business Real/Personal	296,135,200	284,311,500	-4.0%
Total	\$1,188,751,100	\$1,156,265,000	-2.7%

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 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 Fayette County, the gross assessed value of business real and personal property fell 4.0% in 2010. Other assessment categories decreased, and total gross assessed value in Fayette County fell 2.7%. This was lower 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.

Fayette County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	27,862,844	28,535,131	20,438,374	21,618,092	2.4%	-28.4%	5.8%
State Unit	20,499	21,242	0	0	3.6%	-100.0%	
Fayette County	6,803,074	7,397,365	5,109,880	5,316,240	8.7%	-30.9%	4.0%
Columbia Township	7,196	7,453	7,437	7,877	3.6%	-0.2%	5.9%
Connersville Township	117,188	121,596	126,384	131,012	3.8%	3.9%	3.7%
Fairview Township	6,681	6,928	11,578	12,128	3.7%	67.1%	4.8%
Harrison Township	55,442	80,585	83,180	86,609	45.4%	3.2%	4.1%
Jackson Township	10,860	11,265	11,665	12,088	3.7%	3.6%	3.6%
Jennings Township	4,130	4,286	4,412	4,558	3.8%	2.9%	3.3%
Orange Township	8,034	8,317	11,640	12,057	3.5%	40.0%	3.6%
Posey Township	15,653	16,200	16,738	17,468	3.5%	3.3%	4.4%
Waterloo Township	5,821	6,023	6,077	6,190	3.5%	0.9%	1.9%
Connersville Civil City	7,639,463	7,920,450	7,523,958	7,802,857	3.7%	-5.0%	3.7%
Glenwood Civil Town	13,629	15,028	14,967	16,456	10.3%	-0.4%	9.9%
Fayette County School Corp	12,603,412	12,274,067	6,840,400	7,497,515	-2.6%	-44.3%	9.6%
Fayette County Public Library	551,762	644,326	670,058	695,037	16.8%	4.0%	3.7%
Fayette County Solid Waste Mgt Dist	0	0	0	0			

Fayette 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	
21001	Columbia Township	2.0717	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3653
21002	Connersville Township	2.0936	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3797
21003	Connersville City-Connersville	4.4936	15.4925%	9.4648%	--	9.1402%	--	--	--	2.9614
21005	Fairview Township	2.0898	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3772
21006	Glenwood Town-Fairview Township	3.5721	15.4925%	9.4648%	--	9.1402%	--	--	--	2.3541
21007	Harrison Township	2.1019	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3852
21008	Connersville City-Harrison Twp	4.4954	15.4925%	9.4648%	--	9.1402%	--	--	--	2.9626
21010	Jackson Township	2.0672	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3623
21011	Jennings Township	2.0515	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3520
21012	Orange Township	2.0900	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3774
21013	Glenwood Town-Orange Township	3.5780	15.4925%	9.4648%	--	9.1402%	--	--	--	2.3580
21014	Posey Township	2.0865	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3751
21015	Waterloo Township	2.0633	15.4925%	9.4648%	--	9.1402%	--	--	--	1.3598

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.

Fayette County 2010 Circuit Breaker Cap Credits

Taxing Unit Name	Circuit Breaker Credits by Property Type				Total	Levy	Circuit Breaker as % of Levy
	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly			
<i>Non-TIF Total</i>	197,291	1,613,558	1,249,968	60,487	3,121,304	21,618,092	14.4%
<i>TIF Total</i>	0	0	0	0	0	0	
<i>County Total</i>	197,291	1,613,558	1,249,968	60,487	3,121,304	21,618,092	14.4%
Fayette County	35,191	287,977	222,937	15,120	561,225	5,316,240	10.6%
Columbia Township	0	0	0	23	23	7,877	0.3%
Connersville Township	1,371	9,197	5,830	423	16,821	131,012	12.8%
Fairview Township	0	13	0	0	13	12,128	0.1%
Harrison Township	430	5,581	5,703	313	12,027	86,609	13.9%
Jackson Township	0	0	0	46	46	12,088	0.4%
Jennings Township	0	0	0	15	15	4,558	0.3%
Orange Township	0	21	0	8	29	12,057	0.2%
Posey Township	0	0	0	2	2	17,468	0.0%
Waterloo Township	0	0	0	12	12	6,190	0.2%
Connersville Civil City	106,069	865,317	671,918	21,224	1,664,528	7,802,857	21.3%
Glenwood Civil Town	0	1,669	23	0	1,691	16,456	10.3%
Fayette County School Corp	49,630	406,135	314,409	21,324	791,498	7,497,515	10.6%
Fayette County Public Library	4,601	37,650	29,146	1,977	73,374	695,037	10.6%
Fayette County Solid Waste Mgt Dist	0	0	0	0	0	0	

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.