

2009 HOWARD COUNTY PROPERTY TAX REPORT

WITH COMPARISONS TO 2007 AND 2008

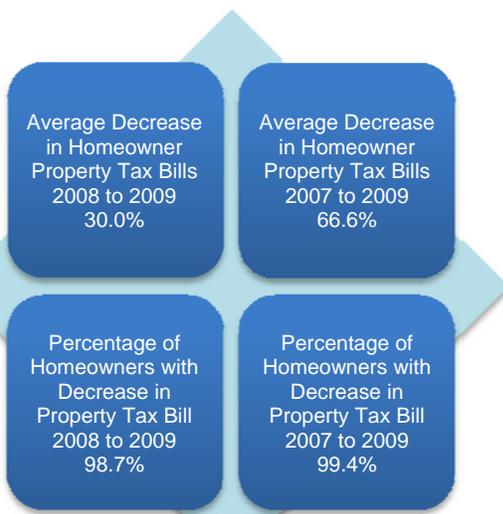


Legislative Services Agency

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 Howard 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	111	0.5%	46	0.2%
10% to 19%	24	0.1%	3	0.0%
1% to 9%	45	0.2%	6	0.0%
0%	92	0.4%	72	0.3%
-1% to -9%	248	1.2%	14	0.1%
-10% to -19%	1,462	7.0%	20	0.1%
-20% to -29%	6,329	30.4%	64	0.3%
-30% to -39%	6,377	30.6%	153	0.7%
-40% to -49%	3,939	18.9%	552	2.7%
-50% to -59%	624	3.0%	2,005	9.6%
-60% to -69%	301	1.4%	8,591	41.3%
-70% to -79%	332	1.6%	7,468	35.9%
-80% to -89%	256	1.2%	777	3.7%
-90% to -99%	131	0.6%	479	2.3%
-100%	542	2.6%	563	2.7%
Total	20,813	100.0%	20,813	100.0%
Higher Tax Bill	180	0.9%	55	0.3%
No Change	92	0.4%	72	0.3%
Lower Tax Bill	20,541	98.7%	20,686	99.4%
Average Change in Tax Bill	-30.0%		-66.6%	

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	Howard County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-12.0%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-29.8%	-30.6%
State PTRC Percentage, 2008	20.0%	20.1%
Total State Homestead Credit, 2008	36.2%	39.5%
Total State Homestead Credit, 2009	7.9%	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 Howard County decreased by 30.0%. Howard County adopted a local option income tax for property tax relief at 0.5% and distributed the tax relief entirely to homeowners. This caused homeowner tax bills to drop substantially. Few elderly Howard County homeowners were eligible for the circuit breaker tax cap credits. Homeowner taxes were substantially lower in 2009 compared to 2007 in Howard County, as they were in most Indiana counties.

2009 Property Tax Changes:

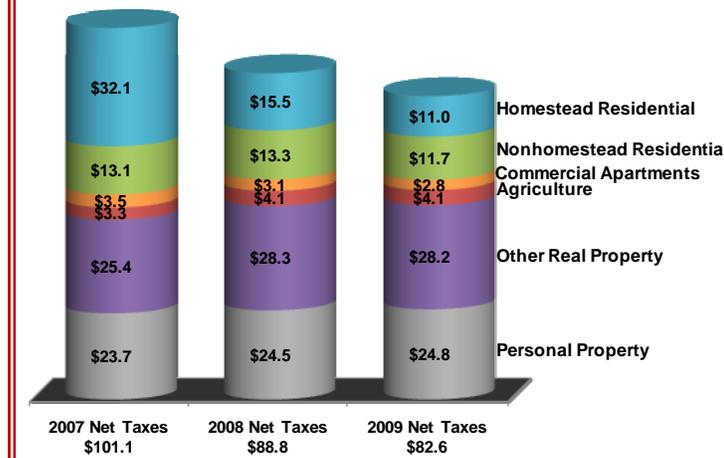
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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.

Comparison of Net Property Tax Bills by Property Type Howard County (In Millions)



In Howard County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw a 12.0% decline in average property tax bills. Average tax bills on commercial apartments decreased 9.7%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw no change. Other commercial, industrial, and utility real property average tax bills decreased 0.4%. Personal property, which is largely business equipment, saw a 1.2% increase in average tax bills.

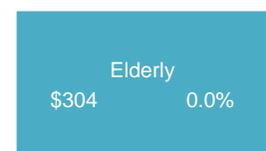
Circuit Breaker Tax Caps. Property tax caps limit taxpayers' tax bills to a fixed percentage of their property's assessed value before deductions. Tax bills that exceed the caps are reduced by a tax credit. The cap rates were 1.5% for homesteads, 2.5% for other residential property and farmland, and 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 Howard County \$994,406

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



Howard 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
County Total	\$129,218,594	\$133,188,558	\$93,254,197	3.1%	-30.0%	-0.7%
State Unit	104,955	106,288	0	1.3%	-100.0%	
Howard County	19,490,959	20,128,309	17,929,142	3.3%	-10.9%	1.7%
Center Township	1,372,785	1,557,694	1,436,254	13.5%	-7.8%	-7.8%
Clay Township	38,381	36,329	39,595	-5.3%	9.0%	9.0%
Ervin Township	50,611	52,481	54,433	3.7%	3.7%	3.7%
Harrison Township	215,130	204,198	196,236	-5.1%	-3.9%	-3.9%
Honey Creek Township	49,643	59,671	49,211	20.2%	-17.5%	-17.5%
Howard Township	56,588	58,868	61,443	4.0%	4.4%	4.4%
Jackson Township	18,771	19,471	20,221	3.7%	3.9%	3.9%
Liberty Township	57,667	62,365	64,839	8.1%	4.0%	4.0%
Monroe Township	29,083	30,542	31,717	5.0%	3.8%	3.8%
Taylor Township	179,811	183,085	177,167	1.8%	-3.2%	-3.2%
Union Township	28,491	29,762	30,898	4.5%	3.8%	3.8%
Kokomo Civil City	33,564,191	35,053,250	33,346,830	4.4%	-4.9%	3.4%
Greentown Civil Town	336,430	342,492	363,920	1.8%	6.3%	6.3%
Russiaville Civil Town	223,699	232,724	239,430	4.0%	2.9%	2.9%
Taylor Community School Corporation	7,737,068	7,416,341	3,709,299	-4.1%	-50.0%	-9.8%
Northwestern School Corporation	10,089,740	11,025,537	5,625,590	9.3%	-49.0%	5.3%
Eastern Howard Community School Corporation	5,831,150	5,901,499	3,754,277	1.2%	-36.4%	5.4%
Western School Corporation	9,547,677	10,665,640	5,318,621	11.7%	-50.1%	-15.3%
Kokomo-Center Township Consolidated Schools	35,590,499	35,248,041	15,868,325	-1.0%	-55.0%	-7.2%
Greentown Public Library	223,215	233,317	242,675	4.5%	4.0%	4.0%
Kokomo-Howard County Public Library	3,726,083	3,863,067	3,990,437	3.7%	3.3%	3.3%
Howard County Solid Waste Mgt. District	655,967	677,587	703,637	3.3%	3.8%	3.8%

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.

Howard 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	State Homestead, Total		Total Local Income Tax Credits, Homesteads	
	2008	2009	% Change	2008	2009	% Change	2008	2009	Rate-Real	2008	2009	2008	2009
Center Township	184.2	150.0	-18.6%	4,046,669	2,078,402	-48.6%	2.1971	1.3856	24.43%	36.94%	7.95%	23.37%	44.32%
Kokomo City - Center Township	2201.7	2030.6	-7.8%	75,145,251	54,989,192	-26.8%	3.4131	2.7080	19.27%	37.97%	7.95%	23.37%	44.32%
Kokomo City - Clay Township	4.6	3.6	-22.4%	160,951	99,291	-38.3%	3.5154	2.7929	19.78%	38.30%	7.95%	23.37%	44.32%
Kokomo City - Harrison Township	118.4	110.7	-6.4%	4,103,669	3,272,742	-20.2%	3.4674	2.9554	15.93%	35.96%	7.95%	23.37%	44.32%
Kokomo City - Howard Township	229.7	289.6	26.1%	8,090,544	8,100,149	0.1%	3.5224	2.7970	19.76%	38.31%	7.95%	23.37%	44.32%
Jackson Township	37.4	36.4	-2.8%	935,434	760,956	-18.7%	2.5014	2.0932	19.15%	33.29%	7.95%	23.37%	44.32%
Liberty Township	139.9	108.2	-22.7%	3,474,875	2,253,610	-35.1%	2.4837	2.0833	19.07%	32.89%	7.95%	23.37%	44.32%
Greentown Town	70.8	55.7	-21.4%	2,092,383	1,515,063	-27.6%	2.9533	2.7212	18.63%	36.51%	7.95%	23.37%	44.32%
Kokomo City - Taylor Township	117.7	95.1	-19.2%	4,519,243	3,031,579	-32.9%	3.8387	3.1864	18.37%	36.49%	7.95%	23.37%	44.32%
Union Township	62.0	57.4	-7.5%	1,548,022	1,199,780	-22.5%	2.4975	2.0918	19.12%	33.17%	7.95%	23.37%	44.32%
Clay Township	179.1	136.2	-23.9%	3,977,013	2,035,272	-48.8%	2.2208	1.4941	25.52%	37.50%	7.95%	23.37%	44.32%
Ervin Township	134.2	110.4	-17.7%	3,005,127	1,672,189	-44.4%	2.2397	1.5144	25.43%	37.61%	7.95%	23.37%	44.32%
Harrison Township	392.2	280.3	-28.5%	8,582,675	4,686,497	-45.4%	2.1884	1.6719	19.33%	33.42%	7.95%	23.37%	44.32%
Honey Creek Township	53.4	42.3	-20.7%	1,195,727	723,521	-39.5%	2.2379	1.7086	19.19%	33.72%	7.95%	23.37%	44.32%
Russiaville Town	36.0	27.5	-23.8%	1,011,414	691,904	-31.6%	2.8074	2.5189	18.61%	38.20%	7.95%	23.37%	44.32%
Howard Township	126.7	101.9	-19.6%	2,823,203	1,526,295	-45.9%	2.2289	1.4981	25.47%	37.52%	7.95%	23.37%	44.32%
Monroe Township	77.1	61.0	-20.9%	1,680,376	1,013,628	-39.7%	2.1804	1.6627	19.48%	33.67%	7.95%	23.37%	44.32%
Taylor Township	263.1	200.8	-23.7%	6,780,429	3,867,472	-43.0%	2.5771	1.9260	22.45%	34.66%	7.95%	23.37%	44.32%
County Totals/Averages	4,428.1	3,897.6	-12.0%	133,173,004	93,517,542	-29.8%	3.0074	2.3988	20.04%	36.25%	7.95%	23.37%	44.32%

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.

Howard 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	
Howard County	17,929,142	0	164,282	0	52	164,334
Center Township	1,436,254	0	17,145	0	7	17,152
Clay Township	39,595	0	9	0	0	9
Ervin Township	54,433	0	0	0	0	0
Harrison Township	196,236	0	980	0	0	980
Honey Creek Township	49,211	0	17	0	0	17
Howard Township	61,443	0	0	0	0	0
Jackson Township	20,221	0	0	0	0	0
Liberty Township	64,839	0	338	0	0	338
Monroe Township	31,717	0	0	0	0	0
Taylor Township	177,167	0	691	0	0	691
Union Township	30,898	0	0	0	0	0
Kokomo Civil City	33,346,830	0	454,030	0	148	454,178
Greentown Civil Town	363,920	0	8,076	0	0	8,076
Russiaville Civil Town	239,430	0	534	0	0	534
Taylor Community School Corporation	3,709,299	0	48,306	0	0	48,306
Northwestern School Corporation	5,625,590	0	1,433	0	0	1,433
Eastern Howard Community School Corporation	3,754,277	0	18,010	0	0	18,010
Western School Corporation	5,318,621	0	45,361	0	0	45,361
Kokomo-Center Township Consolidated School	15,868,325	0	189,481	0	82	189,563
Greentown Public Library	242,675	0	1,164	0	0	1,164
Kokomo-Howard County Public Library	3,990,437	0	37,799	0	12	37,811
Howard County Solid Waste Management	703,637	0	6,445	0	2	6,447
Total - All Taxing Units	93,254,197	0	994,102	0	304	994,406

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.