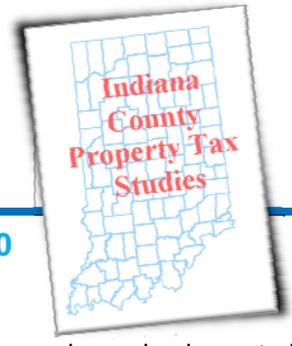


2010 Property Tax Report

Howard County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Howard 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 Howard County and those that have occurred throughout the state.

Comparable Homestead Property Tax Changes in Howard County

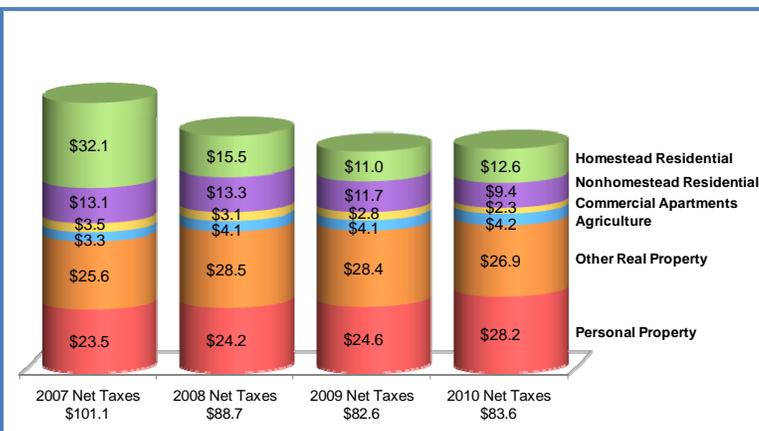
	2009 to 2010		2007 to 2010		
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total	
Summary Change in Tax Bill					
Higher Tax Bill	17,469	87.1%	59	0.3%	99.4% of homeowners saw lower tax bills in 2010 than in 2007.
No Change	600	3.0%	66	0.3%	
Lower Tax Bill	1,980	9.9%	19,924	99.4%	
Average Change in Tax Bill	12.3%		-62.5%		
Detailed Change in Tax Bill					
20% or More	3,224	16.1%	33	0.2%	71.1% of homeowners saw tax increases of between 1% and 19% from 2009 to 2010.
10% to 19%	8,839	44.1%	13	0.1%	
1% to 9%	5,406	27.0%	13	0.1%	
0%	600	3.0%	66	0.3%	
-1% to -9%	1,088	5.4%	17	0.1%	The largest percentage of homeowners have seen between a 50% and 79% decrease in their tax bills from 2007 to 2010.
-10% to -19%	257	1.3%	54	0.3%	
-20% to -29%	142	0.7%	113	0.6%	
-30% to -39%	79	0.4%	324	1.6%	
-40% to -49%	65	0.3%	1,087	5.4%	
-50% to -59%	50	0.2%	3,696	18.4%	
-60% to -69%	47	0.2%	9,119	45.5%	
-70% to -79%	48	0.2%	3,703	18.5%	
-80% to -89%	25	0.1%	673	3.4%	
-90% to -99%	22	0.1%	477	2.4%	
-100%	157	0.8%	661	3.3%	
Total	20,049	100.0%	20,049	100.0%	

Note: Percentages may not total due to rounding.

Howard County Overview

The much larger-than-average increase in homeowner tax bills had several causes. The assessed value of commercial and industrial real property fell in Howard in 2010, resulting in higher tax rates. The county saw a decrease in local homestead property tax credit rates, because of a decrease in the local income tax revenues which fund these credits. Howard County homeowners benefitted less from the one percent property tax cap than did homeowners in the average county, because the county offered high local homestead credits, despite the decline in the credit rates in 2010. Property tax levies increased 2.2% in Howard County in 2010, similar to the state average increase of 2.4%. Increases in the Kokomo levy for road maintenance and the Western School Corporation debt service fund were partly offset by a decrease in the Kokomo-Center Township School Corporation capital projects fund.

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



Net tax bills for all taxpayers increased 1.4% in Howard County from 2009 to 2010. This was the same as the statewide reduction. In 2010 apartment owners saw a 17.2% 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 19.3% decrease in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw a 5.2% decrease and a 14.7% increase, respectively, in tax bills in 2010. These changes in tax bills were mainly

due to changes in assessed value. After deductions and exemptions, business real property net assessed value declined by 9.3%, while personal property net assessed value grew by 6.5%. The tightening of the tax caps from 3.5% to 3% also contributed to the tax changes for commercial and industrial property. Agricultural business property saw a 4.2% increase in tax payments in 2010 because of the Howard 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.

Property Tax Cap Changes, 2009 - 2010

Homestead	Other Residential Property and Farmland	All Other Real and Personal Property
<div style="border: 1px solid black; padding: 5px; width: 80px; margin: 0 auto;"> <p style="margin: 0;">2009 1.5%</p> <p style="margin: 0;">2010 1%</p> </div>	<div style="border: 1px solid black; padding: 5px; width: 80px; margin: 0 auto;"> <p style="margin: 0;">2009 2.5%</p> <p style="margin: 0;">2010 2%</p> </div>	<div style="border: 1px solid black; padding: 5px; width: 80px; margin: 0 auto;"> <p style="margin: 0;">2009 3.5%</p> <p style="margin: 0;">2010 3%</p> </div>

Tax Cap Credits

Tax cap credits in Howard County in 2010 amounted to 4.7% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was mainly due to the large locally funded homestead credits in Howard County. Tax rates in 11 of 18 total taxing districts exceeded \$2, so a large amount of housing in the 2% cap category was eligible for credits. Few commercial or industrial properties in the 3% tax cap category qualified for credits, because the tax rate exceeded \$3 in only 2 tax districts. Because of the large local homestead credit, only a small number of homesteads qualified for credits in the 1% category. A larger number of credits were allocated to low-income, elderly homeowners under the 2% annual growth limit for their net taxes.

**2010 Circuit Breaker Credits by Cap Category
Howard County Total \$4,447,869**

	1%	2%	3%	Elderly
	\$5,588	\$4,146,117	\$269,216	\$26,948
	0.1%	93.2%	6.1%	0.6%

Howard County, Kokomo City, and the Kokomo-Center Township Consolidated School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the town of Greentown lost the most, at 11.5% each. Losses were greatest for units that overlapped Kokomo because its tax districts had the highest tax rates.

The Effects of Recession

In Howard County the recession had a large effect on the economy. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 5.1% in December 2007 to 14.4% in July 2009. Job losses and income declines contributed to a 7.9% drop in local income tax revenue. Because part of this revenue is used for property tax relief, local property tax credit rates declined in Howard County in 2010.

Howard County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	2,861,008,990	2,751,073,450	-3.8%
Other Residential	459,561,600	446,772,300	-2.8%
Ag Business/Land	228,034,000	232,954,600	2.2%
Business Real/Personal	2,874,305,850	2,678,191,910	-6.8%
Total	\$6,422,910,440	\$6,108,992,260	-4.9%

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 Howard County, the gross assessed value of business real and personal property fell 6.8% in 2010. Most other assessment categories decreased, except for agriculture business/land which rose 2.2%. Total gross assessed value in Howard County fell 4.9%. 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.

Howard County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	129,218,594	133,188,558	93,254,197	95,329,814	3.1%	-30.0%	2.2%
State Unit	104,955	106,288	0	0	1.3%	-100.0%	
Howard County	19,490,959	20,128,309	17,929,142	18,090,015	3.3%	-10.9%	0.9%
Center Township	1,372,785	1,557,694	1,436,254	1,599,628	13.5%	-7.8%	11.4%
Clay Township	38,381	36,329	39,595	40,882	-5.3%	9.0%	3.3%
Ervin Township	50,611	52,481	54,433	56,526	3.7%	3.7%	3.8%
Harrison Township	215,130	204,198	196,236	199,219	-5.1%	-3.9%	1.5%
Honey Creek Township	49,643	59,671	49,211	50,159	20.2%	-17.5%	1.9%
Howard Township	56,588	58,868	61,443	63,729	4.0%	4.4%	3.7%
Jackson Township	18,771	19,471	20,221	20,955	3.7%	3.9%	3.6%
Liberty Township	57,667	62,365	64,839	67,225	8.1%	4.0%	3.7%
Monroe Township	29,083	30,542	31,717	32,905	5.0%	3.8%	3.7%
Taylor Township	179,811	183,085	177,167	174,707	1.8%	-3.2%	-1.4%
Union Township	28,491	29,762	30,898	32,010	4.5%	3.8%	3.6%
Kokomo Civil City	33,564,191	35,053,250	33,346,830	34,606,835	4.4%	-4.9%	3.8%
Greentown Civil Town	336,430	342,492	363,920	377,754	1.8%	6.3%	3.8%
Russiaville Civil Town	223,699	232,724	239,430	247,886	4.0%	2.9%	3.5%
Taylor Community School Corp	7,737,068	7,416,341	3,709,299	3,448,145	-4.1%	-50.0%	-7.0%
Northwestern School Corp	10,089,740	11,025,537	5,625,590	5,808,605	9.3%	-49.0%	3.3%
Eastern Howard Community School Corp	5,831,150	5,901,499	3,754,277	3,716,276	1.2%	-36.4%	-1.0%
Western School Corp	9,547,677	10,665,640	5,318,621	5,587,524	11.7%	-50.1%	5.1%
Kokomo-Center Township Consol School Corp	35,590,499	35,248,041	15,868,325	15,983,560	-1.0%	-55.0%	0.7%
Greentown Public Library	223,215	233,317	242,675	251,777	4.5%	4.0%	3.8%
Kokomo-Howard County Public Library	3,726,083	3,863,067	3,990,437	4,143,368	3.7%	3.3%	3.8%
Howard County Solid Waste Mgt Dist	655,967	677,587	703,637	730,124	3.3%	3.8%	3.8%

Howard 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	
34001	Center Township	1.5509	--	4.4777%	--	--	--	40.7313%	--	0.8498
34002	Kokomo City - Center Township	2.9019	--	4.4777%	--	--	--	40.7313%	--	1.5900
34003	Kokomo City - Clay Township	2.9791	--	4.4777%	--	--	--	40.7313%	--	1.6323
34006	Kokomo City - Harrison Township	3.2047	--	4.4777%	--	--	--	40.7313%	--	1.7559
34007	Kokomo City - Howard Township	2.9827	--	4.4777%	--	--	--	40.7313%	--	1.6343
34010	Jackson Township	2.1488	--	4.4777%	--	--	--	40.7313%	--	1.1773
34011	Liberty Township	2.1417	--	4.4777%	--	--	--	40.7313%	--	1.1735
34012	Greentown Town	2.8425	--	4.4777%	--	--	--	40.7313%	--	1.5574
34015	Kokomo City - Taylor Township	3.4010	--	4.4777%	--	--	--	40.7313%	--	1.8634
34016	Union Township	2.1465	--	4.4777%	--	--	--	40.7313%	--	1.1761
34017	Clay Township	1.5778	--	4.4777%	--	--	--	40.7313%	--	0.8645
34018	Ervin Township	1.5997	--	4.4777%	--	--	--	40.7313%	--	0.8765
34019	Harrison Township	1.8169	--	4.4777%	--	--	--	40.7313%	--	0.9955
34020	Honey Creek Township	1.8605	--	4.4777%	--	--	--	40.7313%	--	1.0194
34021	Russiaville Town	2.7811	--	4.4777%	--	--	--	40.7313%	--	1.5238
34022	Howard Township	1.5802	--	4.4777%	--	--	--	40.7313%	--	0.8658
34023	Monroe Township	1.8096	--	4.4777%	--	--	--	40.7313%	--	0.9915
34024	Taylor Township	2.0417	--	4.4777%	--	--	--	40.7313%	--	1.1187

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.

Howard 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>	5,588	4,146,117	269,216	26,948	4,447,869	95,329,814	4.7%
<i>TIF Total</i>	0	0	0	0	0	0	
<i>County Total</i>	5,588	4,146,117	269,216	26,948	4,447,869	95,329,814	4.7%
Howard County	932	697,382	39,738	5,768	743,820	18,090,015	4.1%
Center Township	99	80,403	0	601	81,104	1,599,628	5.1%
Clay Township	0	33	0	6	39	40,882	0.1%
Ervin Township	0	0	0	4	4	56,526	0.0%
Harrison Township	0	2,443	942	155	3,540	199,219	1.8%
Honey Creek Township	0	718	0	5	723	50,159	1.4%
Howard Township	0	0	0	34	34	63,729	0.1%
Jackson Township	0	847	0	8	855	20,955	4.1%
Liberty Township	0	2,865	0	19	2,884	67,225	4.3%
Monroe Township	0	0	0	6	6	32,905	0.0%
Taylor Township	14	2,534	885	15	3,448	174,707	2.0%
Union Township	6	906	0	28	940	32,010	2.9%
Kokomo Civil City	2,483	1,822,520	116,266	7,295	1,948,564	34,606,835	5.6%
Greentown Civil Town	0	43,164	0	136	43,300	377,754	11.5%
Russiaville Civil Town	0	22,287	0	50	22,337	247,886	9.0%
Taylor Community School Corp	569	103,994	56,068	297	160,927	3,448,145	4.7%
Northwestern School Corp	0	5,065	0	1,128	6,193	5,808,605	0.1%
Eastern Howard Community School Corp	155	167,072	0	1,638	168,865	3,716,276	4.5%
Western School Corp	0	138,141	43,952	3,083	185,176	5,587,524	3.3%
Kokomo-Center Township Consol School Corp	1,065	858,471	0	5,044	864,580	15,983,560	5.4%
Greentown Public Library	11	11,319	0	111	11,441	251,777	4.5%
Kokomo-Howard County Public Library	216	157,805	9,761	1,284	169,068	4,143,368	4.1%
Howard County Solid Waste Mgt Dist	38	28,147	1,604	233	30,021	730,124	4.1%

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.