

2011 Property Tax Report

Howard County

with Comparisons to Prior Years



Legislative Services Agency

September 2011

This report describes property tax changes in Howard County between 2010 and 2011, with comparison to changes since 2007. In 2011, the changes from the big tax reform of 2008 were fully phased in with the elimination of the last of the state homestead credits. The 2009 recession affected assessments and local tax credits in many counties. Changes in local levies and assessments also were important in many counties.

Comparable Homestead Property Tax Changes in Howard County

The average homeowner saw an 11.1% tax bill increase from 2010 to 2011.

Homestead taxes in 2011 were still 58.4% lower than they were in 2007, before the property tax reforms.

99.2% of homeowners saw lower tax bills in 2011 than in 2007.

58.8% of homeowners saw tax increases of between 1% and 19% from 2010 to 2011.

The largest percentage of homeowners have seen between a 50% and 69% decrease in their tax bills from 2007 to 2011.

	2010 to 2011		2007 to 2011	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
Summary Change in Tax Bill				
Higher Tax Bill	16,476	84.3%	88	0.5%
No Change	694	3.6%	62	0.3%
Lower Tax Bill	2,371	12.1%	19,391	99.2%
Average Change in Tax Bill	11.1%		-58.4%	
Detailed Change in Tax Bill				
20% or More	4,982	25.5%	53	0.3%
10% to 19%	5,590	28.6%	13	0.1%
1% to 9%	5,904	30.2%	22	0.1%
0%	694	3.6%	62	0.3%
-1% to -9%	1,295	6.6%	46	0.2%
-10% to -19%	326	1.7%	97	0.5%
-20% to -29%	164	0.8%	226	1.2%
-30% to -39%	95	0.5%	573	2.9%
-40% to -49%	80	0.4%	2,027	10.4%
-50% to -59%	58	0.3%	6,390	32.7%
-60% to -69%	36	0.2%	6,643	34.0%
-70% to -79%	48	0.2%	1,494	7.6%
-80% to -89%	24	0.1%	596	3.0%
-90% to -99%	12	0.1%	465	2.4%
-100%	233	1.2%	834	4.3%
Total	19,541	100.0%	19,541	100.0%

Note: Percentages may not total due to rounding.

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LOWER LOCAL HOMESTEAD CREDITS AND THE LOSS OF THE STATE HOMESTEAD CREDIT RAISE HOMEOWNER TAX BILLS

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Homestead Property Taxes

Homestead property taxes increased 11.1% on average in Howard County in 2011. This was more than the state average of 4.4%. Howard County homestead taxes were still 58.4% lower in 2011 than they were in 2007, before the big tax reform. The larger-than-average homestead tax increase in 2011 was mostly due to the drop in local income tax-funded homestead credits. Higher tax rates and the phaseout of the state homestead credit in 2011 also contributed to higher tax bills. The state homestead credit was 4.5% in Howard County in 2010. Still, the local homestead credit remained at 41% in 2011, which explains the very large reduction in homeowner taxes since 2007. The local credits keep homeowner tax bills relatively low, so only 1.6% of Howard homeowners are eligible for tax cap credits.

Tax Rates

Property tax rates increased in most Howard County tax districts in 2011. The average tax rate increased by 8.5% because a small levy decrease was overwhelmed by a large net assessed value drop. Levies in Howard County decreased by 0.4%. The biggest levy increases were for a county jail lease rental fund and Kokomo City general and park/recreation funds. The biggest levy decreases were for Kokomo-Center Township Schools debt service and capital projects funds, Northwestern Schools debt service fund, and Western Schools debt service fund. Howard County's total net assessed value decreased 8.8% in 2011. (The certified net AV used to compute tax rates declined by 8.2%.) Homestead net assessments fell 10.6%, business net assessments fell 9.9%, and other residential net assessments fell 4.3%. Agricultural net assessments increased by 1.2%.

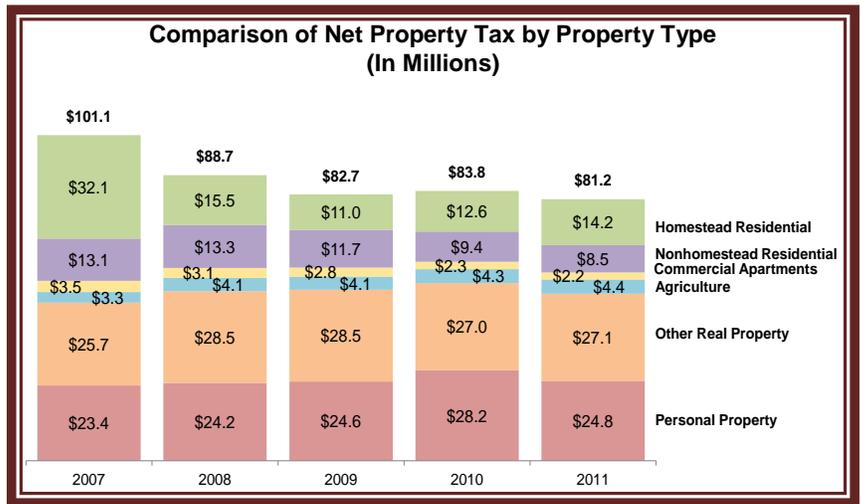
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**NONHOMESTEAD TAXES DECREASE
BECAUSE OF LOWER ASSESSMENTS AND
HIGHER TAX CAP CREDITS**

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Net Tax Bill Changes - All Property Types

Net tax bills for all taxpayers fell 3.0% in Howard County in 2011, less than the statewide increase of 2.8%. Other residential property, which includes smaller rentals and second homes, saw net tax bills decrease by 9.4%. Tax bills for commercial apartments fell 2.3%. Business tax bills - which include commercial, industrial and utility buildings, land and equipment – decreased 5.9%. Assessed values dropped for most property in pay-2011, and tax cap credits increased. However, agricultural tax bills rose 2.8%. This was mainly due to the 3.2% increase in the base rate assessment of farm land, from \$1,250 to \$1,290 per acre for taxes in 2011.



Tax Cap Credits

Property taxes are capped at 1% of gross assessed value for homesteads, 2% for other residential property (including rental housing and second homes) and farmland, and 3% for business land, buildings, and equipment. Taxpayers receive credits when their tax bills exceed the caps. Credits are revenue lost to local governments.

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**TAX CAP CREDITS INCREASED
IN 2011 DUE TO HIGHER TAX
RATES**

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Total tax cap credit losses in Howard County were \$7.9 million, or 8.3% of the levy. This was near the state average loss rate of 9.2%, but more than the median value of 3.8% among all counties. Tax rates are the main determinant of tax cap credits, and Howard County's tax rates were above the state median.

About two-thirds of the total tax cap credits were in the 2% nonhomestead/farmland category; most of the rest were in the 3% business category. Large local homestead credits keep homestead tax bills low, so few qualify for tax cap credits. The largest percentage losses were in Greentown, Kokomo-Center Township Schools, Kokomo, and Center Township. Tax rates exceeded \$3 per \$100 assessed value in districts that included these units. The largest dollar losses were in Kokomo, Kokomo-Center Township Schools, and the county unit.

Howard County Tax Cap Credits	1%	2%	3%	Elderly	Total	% of Levy
2010 Tax Cap Credits	\$5,588	\$4,146,117	\$269,216	\$26,948	\$4,447,869	4.7%
2011 Tax Cap Credits	78,291	5,396,161	2,368,761	54,294	7,897,508	8.3%
Change	\$72,704	\$1,250,043	\$2,099,545	\$27,346	\$3,449,638	3.7%

Tax cap credits rose substantially in Howard County in 2011 by \$3.4 million, or 78%.

The additional credits represent an added loss of 3.7% of the total tax levy. Most of the increase in tax cap credits was in the 2% and 3% tax cap categories, and caused by higher tax rates. The elimination of the state homestead credit and the drop in local income tax revenue that funds local homestead credits did not cause a large dollar increase in the 1% homestead category, because local credits keep homestead tax bills below the caps.

The Effect of Recession

The 2009 recession had a large effect on Howard County assessments for pay-2011. Business, homestead and other residential property values and construction activity appear to have fallen in Howard County in 2009. The drop in assessments caused a tax rate increase in Howard, despite virtually no change in the overall tax levy. This increased tax cap credit losses. After credits, the drop in assessed value meant that Howard had less property tax revenue in 2011 than in 2010.

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**2009 RECESSION REDUCED
ASSESSMENTS, RAISED TAX CAP CREDIT
LOSSES, AND REDUCED AVAILABLE
PROPERTY TAX REVENUE IN 2011**

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Property Type	Gross AV 2010	Gross AV 2011	Gross AV Change	Net AV 2010	Net AV 2011	Net AV Change
Homesteads	\$2,761,574,810	\$2,600,183,560	-5.8%	\$1,144,365,401	\$1,023,068,986	-10.6%
Other Residential	425,465,800	407,674,600	-4.2%	423,197,876	405,129,939	-4.3%
Ag Business/Land	241,222,100	244,046,600	1.2%	237,277,048	240,144,248	1.2%
Business Real/Personal	2,680,729,550	2,419,246,490	-9.8%	1,967,374,153	1,772,337,877	-9.9%
Total	\$6,108,992,260	\$5,671,151,250	-7.2%	\$3,772,214,478	\$3,440,681,050	-8.8%

Net AV equals Gross AV less deductions and exemptions · Tax rates are calculated on Net AV · Circuit breaker tax caps are calculated on Gross AV

Howard County Levy Comparison by Taxing Unit

Dist #	Taxing District	Tax Rate	Credit Rates					Net Tax Rate, Homesteads	
			LOIT PTRC	COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead		LOIT Residential
34001	Center Township	1.6752	--	--	--	--	35.5706%	--	1.0793
34002	Kokomo City - Center Township	3.2100	--	--	--	--	35.5706%	--	2.0682
34003	Kokomo City - Clay Township	3.1518	--	--	--	--	35.5706%	--	2.0307
34006	Kokomo City - Harrison Township	3.4998	--	--	--	--	35.5706%	--	2.2549
34007	Kokomo City - Howard Township	3.1552	--	--	--	--	35.5706%	--	2.0329
34010	Jackson Township	2.3652	--	--	--	--	35.5706%	--	1.5239
34011	Liberty Township	2.3619	--	--	--	--	35.5706%	--	1.5218
34012	Greentown Town	3.1363	--	--	--	--	35.5706%	--	2.0207
34015	Kokomo City - Taylor Township	3.7402	--	--	--	--	35.5706%	--	2.4098
34016	Union Township	2.3581	--	--	--	--	35.5706%	--	1.5193
34017	Clay Township	1.5646	--	--	--	--	35.5706%	--	1.0081
34018	Ervin Township	1.5863	--	--	--	--	35.5706%	--	1.0220
34019	Harrison Township	1.9235	--	--	--	--	35.5706%	--	1.2393
34020	Honey Creek Township	1.9560	--	--	--	--	35.5706%	--	1.2602
34021	Russiaville Town	2.8740	--	--	--	--	35.5706%	--	1.8517
34022	Howard Township	1.5645	--	--	--	--	35.5706%	--	1.0080
34023	Monroe Township	1.9246	--	--	--	--	35.5706%	--	1.2400
34024	Taylor Township	2.1935	--	--	--	--	35.5706%	--	1.4133

Howard County 2011 Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

Taxing Unit	2007	2008	2009	2010	2011	% Change			
						2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011
<i>County Total</i>	129,218,594	133,188,558	93,254,197	95,329,814	94,915,602	3.1%	-30.0%	2.2%	-0.4%
State Unit	104,955	106,288	0	0	0	1.3%	-100.0%		
Howard County	19,490,959	20,128,309	17,929,142	18,090,015	19,344,737	3.3%	-10.9%	0.9%	6.9%
Center Township	1,372,785	1,557,694	1,436,254	1,599,628	1,622,151	13.5%	-7.8%	11.4%	1.4%
Clay Township	38,381	36,329	39,595	40,882	42,031	-5.3%	9.0%	3.3%	2.8%
Ervin Township	50,611	52,481	54,433	56,526	57,950	3.7%	3.7%	3.8%	2.5%
Harrison Township	215,130	204,198	196,236	199,219	175,734	-5.1%	-3.9%	1.5%	-11.8%
Honey Creek Township	49,643	59,671	49,211	50,159	46,036	20.2%	-17.5%	1.9%	-8.2%
Howard Township	56,588	58,868	61,443	63,729	62,744	4.0%	4.4%	3.7%	-1.5%
Jackson Township	18,771	19,471	20,221	20,955	20,836	3.7%	3.9%	3.6%	-0.6%
Liberty Township	57,667	62,365	64,839	67,225	69,056	8.1%	4.0%	3.7%	2.7%
Monroe Township	29,083	30,542	31,717	32,905	33,752	5.0%	3.8%	3.7%	2.6%
Taylor Township	179,811	183,085	177,167	174,707	170,113	1.8%	-3.2%	-1.4%	-2.6%
Union Township	28,491	29,762	30,898	32,010	27,213	4.5%	3.8%	3.6%	-15.0%
Kokomo Civil City	33,564,191	35,053,250	33,346,830	34,606,835	35,510,301	4.4%	-4.9%	3.8%	2.6%
Greentown Civil Town	336,430	342,492	363,920	377,754	387,936	1.8%	6.3%	3.8%	2.7%
Russiaville Civil Town	223,699	232,724	239,430	247,886	251,558	4.0%	2.9%	3.5%	1.5%
Taylor Community School Corp	7,737,068	7,416,341	3,709,299	3,448,145	3,378,569	-4.1%	-50.0%	-7.0%	-2.0%
Northwestern School Corp	10,089,740	11,025,537	5,625,590	5,808,605	5,105,129	9.3%	-49.0%	3.3%	-12.1%
Eastern Howard Community School Corp	5,831,150	5,901,499	3,754,277	3,716,276	3,770,309	1.2%	-36.4%	-1.0%	1.5%
Western School Corp	9,547,677	10,665,640	5,318,621	5,587,524	5,135,607	11.7%	-50.1%	5.1%	-8.1%
Kokomo-Center Township Consol School Corp	35,590,499	35,248,041	15,868,325	15,983,560	14,446,215	-1.0%	-55.0%	0.7%	-9.6%
Greentown Public Library	223,215	233,317	242,675	251,777	258,411	4.5%	4.0%	3.8%	2.6%
Kokomo-Howard County Public Library	3,726,083	3,863,067	3,990,437	4,143,368	4,250,737	3.7%	3.3%	3.8%	2.6%
Howard County Solid Waste Mgt Dist	655,967	677,587	703,637	730,124	748,477	3.3%	3.8%	3.8%	2.5%

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 *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 2011 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>	78,291	5,396,161	2,368,761	54,294		7,897,507	94,915,602	8.3%
<i>TIF Total</i>	0	0	0	0		0	0	
<i>County Total</i>	78,291	5,396,161	2,368,761	54,294		7,897,507	94,915,602	8.3%
Howard County	12,556	974,151	408,394	12,038		1,407,138	19,344,737	7.3%
Center Township	529	105,825	45,189	1,262		152,804	1,622,151	9.4%
Clay Township	0	26	3	29		57	42,031	0.1%
Ervin Township	0	0	0	10		10	57,950	0.0%
Harrison Township	78	2,663	2,184	94		5,020	175,734	2.9%
Honey Creek Township	2	582	0	47		630	46,036	1.4%
Howard Township	0	0	39	47		86	62,744	0.1%
Jackson Township	0	1,922	0	16		1,938	20,836	9.3%
Liberty Township	2	4,851	187	59		5,099	69,056	7.4%
Monroe Township	0	0	0	4		4	33,752	0.0%
Taylor Township	283	6,262	1,649	179		8,373	170,113	4.9%
Union Township	0	1,827	0	10		1,837	27,213	6.7%
Kokomo Civil City	35,389	2,349,466	1,151,202	16,102		3,552,159	35,510,301	10.0%
Greentown Civil Town	47	52,999	4,532	393		57,970	387,936	14.9%
Russiaville Civil Town	73	21,353	0	407		21,833	251,558	8.7%
Taylor Community School Corp	17,119	156,142	99,563	3,198		276,022	3,378,569	8.2%
Northwestern School Corp	0	3,293	3,566	1,915		8,775	5,105,129	0.2%
Eastern Howard Community School Corp	95	295,615	9,142	2,783		307,635	3,770,309	8.2%
Western School Corp	3,660	146,379	99,927	2,740		252,705	5,135,607	4.9%
Kokomo-Center Township Consol School Corp	5,009	1,009,632	431,132	9,699		1,455,473	14,446,215	10.1%
Greentown Public Library	7	20,261	627	191		21,085	258,411	8.2%
Kokomo-Howard County Public Library	2,955	205,222	95,625	2,609		306,410	4,250,737	7.2%
Howard County Solid Waste Mgt Dist	486	37,691	15,801	466		54,444	748,477	7.3%

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.