

# 2009 KNOX COUNTY PROPERTY TAX REPORT

## WITH COMPARISONS TO 2007 AND 2008

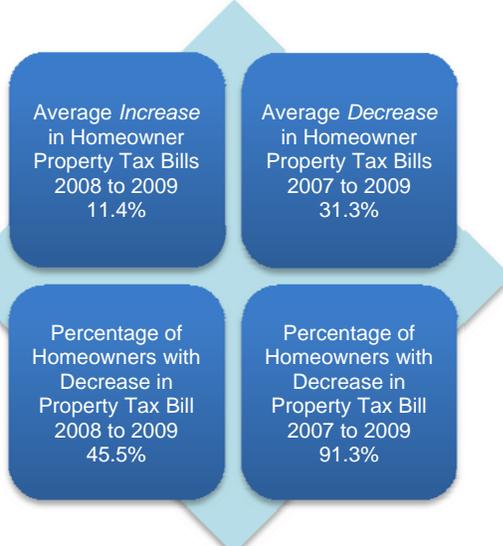


Legislative Services Agency

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 Knox 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	2,472	25.3%	299	3.1%
10% to 19%	1,088	11.1%	88	0.9%
1% to 9%	1,389	14.2%	163	1.7%
0%	368	3.8%	298	3.1%
-1% to -9%	1,134	11.6%	332	3.4%
-10% to -19%	1,101	11.3%	804	8.2%
-20% to -29%	642	6.6%	1,579	16.2%
-30% to -39%	281	2.9%	1,859	19.0%
-40% to -49%	161	1.6%	1,753	18.0%
-50% to -59%	123	1.3%	1,069	11.0%
-60% to -69%	118	1.2%	345	3.5%
-70% to -79%	90	0.9%	202	2.1%
-80% to -89%	51	0.5%	125	1.3%
-90% to -99%	72	0.7%	101	1.0%
-100%	672	6.9%	745	7.6%
<b>Total</b>	<b>9,762</b>	<b>100.0%</b>	<b>9,762</b>	<b>100.0%</b>
Higher Tax Bill	4,949	50.7%	550	5.6%
No Change	368	3.8%	298	3.1%
Lower Tax Bill	4,445	45.5%	8,914	91.3%
Average Change in Tax Bill	11.4%		-31.3%	

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	Knox County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-8.9%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-26.3%	-30.6%
State PTRC Percentage, 2008	21.5%	20.1%
Total State Homestead Credit, 2008	50.4%	39.5%
Total State Homestead Credit, 2009	7.5%	7.2%
Did County Adopt a LOIT in 2008 or 2009?	No	

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. Homeowner tax bills in Knox County increased by 11.4%. The school general fund and county welfare levies were a smaller share of Knox County's levy in 2008, so their elimination reduced Knox County tax rates by less than the state average. Knox County taxpayers also saw high state homestead credit rates in 2008. The loss of this tax relief more than offset the effects of the new 35% supplemental homestead deduction and lower tax rates.

## 2009 Property Tax Changes:

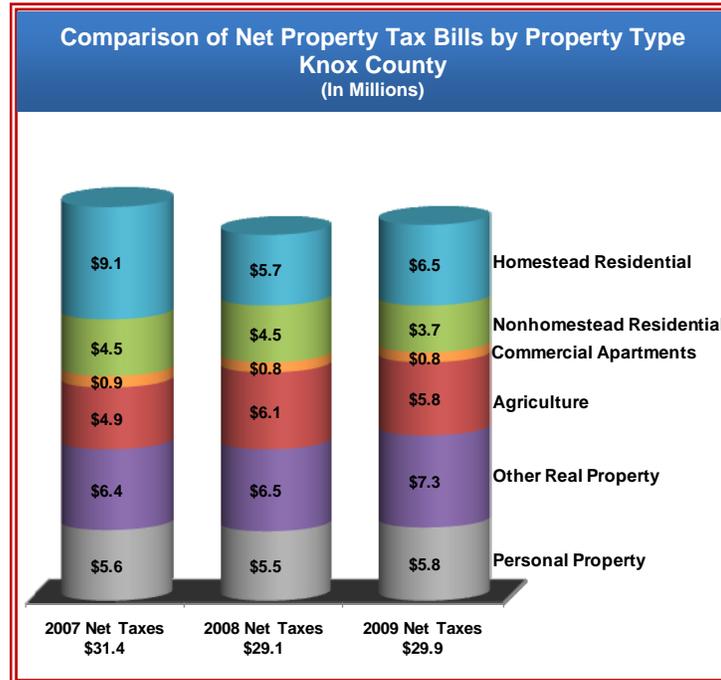
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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.

Knox County did not adopt a local option income tax for property tax relief for 2009, and few Knox County homeowners were eligible for the circuit breaker tax cap credits. Homeowner taxes were substantially lower in 2009 compared to 2007 in Knox County, as they were in almost all Indiana counties.



In Knox County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw a 17.8% decline in average property tax bills. Average tax bills on commercial apartments did not change significantly. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw a 4.9% average tax decrease. Other commercial, industrial, and utility real property average tax bills increased 12.3%. Personal property, which is largely business equipment, saw a 5.5% increase in average tax bills.

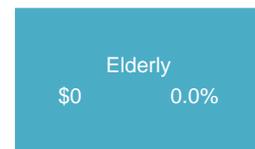
**Circuit Breaker Tax Caps.** Property tax caps limit taxpayers' tax bills to a fixed percentage of their property's assessed value before deductions. Tax bills that exceed the caps are reduced by a tax credit. The cap rates were 1.5% for homesteads, 2.5% for other residential property and farmland, 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.** 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 received credits. Most farmland is outside cities and towns in jurisdictions with low tax rates. Few farmland owners received credits. Commercial and industrial property tends to receive credits where tax rates are relatively high.

### Total Circuit Breaker Tax Cap Credit Amount for Knox County \$1,329,887

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



### Knox 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>\$40,080,699</b>	<b>\$40,885,681</b>	<b>\$30,415,060</b>	<b>2.0%</b>	<b>-25.6%</b>	<b>5.6%</b>
State Unit	30,172	33,192	0	10.0%	-100.0%	
Knox County	8,781,290	8,656,288	7,031,836	-1.4%	-18.8%	6.8%
Busseron Township	53,322	53,410	49,194	0.2%	-7.9%	-7.9%
Decker Township	32,865	33,110	35,075	0.7%	5.9%	5.9%
Harrison Township	93,671	97,352	111,451	3.9%	14.5%	14.5%
Johnson Township	27,875	27,875	29,270	0.0%	5.0%	5.0%
Palmyra Township	95,888	93,021	117,619	-3.0%	26.4%	26.4%
Steen Township	51,568	52,975	54,468	2.7%	2.8%	2.8%
Vigo Township	63,032	63,900	67,527	1.4%	5.7%	5.7%
Vincennes Township	208,453	208,775	224,448	0.2%	7.5%	7.5%
Washington Township	111,829	111,582	115,136	-0.2%	3.2%	3.2%
Widner Township	40,279	41,263	55,791	2.4%	35.2%	35.2%
Vincennes Civil City	6,979,349	6,614,712	6,741,870	-5.2%	1.9%	8.6%
Bicknell Civil City	679,559	684,496	731,803	0.7%	6.9%	7.0%
Bruceville Civil Town	56,420	55,441	60,847	-1.7%	9.8%	9.8%
Decker Civil Town	12,342	9,256	13,310	-25.0%	43.8%	43.8%
Edwardsport Civil Town	21,992	19,671	23,718	-10.6%	20.6%	20.6%
Monroe City Civil Town	16,875	16,074	18,209	-4.7%	13.3%	13.3%
Oaktown Civil Town	34,600	36,473	38,841	5.4%	6.5%	6.5%
Sandborn Civil Town	36,793	38,893	41,998	5.7%	8.0%	8.0%
Wheatland Civil Town	34,872	33,461	37,603	-4.0%	12.4%	12.4%
North Knox School Corporation	4,674,463	5,281,333	2,910,095	13.0%	-44.9%	-0.7%
South Knox School Corporation	5,918,573	6,592,683	3,624,005	11.4%	-45.0%	0.7%
Vincennes Community School Corporation	9,796,578	9,852,480	5,905,731	0.6%	-40.1%	4.8%
Bicknell Public Library	96,137	101,159	108,037	5.2%	6.8%	6.8%
Knox County Public Library	1,032,243	830,212	1,012,777	-19.6%	22.0%	22.0%
Vincennes Township Fire	845,338	963,536	967,661	14.0%	0.4%	0.4%
South Vigo Township Fire	67,282	70,397	70,381	4.6%	0.0%	0.0%
Vigo Central Community Fire	48,588	49,553	52,373	2.0%	5.7%	5.7%
Johnson Township Community Fire	138,451	163,108	163,986	17.8%	0.5%	0.5%
Knox County Solid Waste Management District	0	0	0	0.0%	0.0%	0.0%
Vincennes Redevelopment Commission	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.

## Knox 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
	Busseron Township	55.2	56.6	2.7%	1,376,812	984,865	-28.5%	2.4956	1.7389	24.05%	48.74%	7.49%	0.00%
Oaktown Town	7.2	5.7	-21.7%	214,066	135,192	-36.8%	2.9605	2.3877	22.32%	49.76%	7.49%	0.00%	0.00%
Decker Township	32.4	33.3	2.7%	784,900	544,015	-30.7%	2.4219	1.6348	24.15%	49.06%	7.49%	0.00%	0.00%
Harrison Township	110.6	101.8	-7.9%	2,661,514	1,667,479	-37.3%	2.4057	1.6373	23.97%	48.34%	7.49%	0.00%	0.00%
Monroe City Town	8.2	6.8	-16.7%	207,678	124,036	-40.3%	2.5376	1.8194	23.70%	49.50%	7.49%	0.00%	0.00%
Johnson Township	80.8	73.7	-8.8%	2,062,975	1,316,556	-36.2%	2.5528	1.7869	23.35%	48.78%	7.49%	0.00%	0.00%
Decker Town	1.8	1.5	-19.1%	56,433	39,893	-29.3%	3.0638	2.6787	22.16%	51.28%	7.49%	0.00%	0.00%
Palmyra Township	82.4	70.0	-15.1%	2,003,794	1,188,389	-40.7%	2.4328	1.6987	23.83%	48.36%	7.49%	0.00%	0.00%
Steen Township	59.4	83.9	41.2%	1,427,627	1,334,450	-6.5%	2.4024	1.5907	24.19%	48.88%	7.49%	0.00%	0.00%
Wheatland Town	8.5	10.6	25.3%	233,449	202,833	-13.1%	2.7583	1.9126	22.93%	50.19%	7.49%	0.00%	0.00%
Vigo-South Township	19.0	17.5	-8.3%	540,740	370,858	-31.4%	2.8416	2.1251	23.39%	51.38%	7.49%	0.00%	0.00%
Bicknell City-Vigo Township	30.1	24.9	-17.0%	1,296,164	996,123	-23.1%	4.3119	3.9943	20.84%	55.20%	7.49%	0.00%	0.00%
Edwardsport Town	3.0	2.4	-19.8%	99,807	68,956	-30.9%	3.2974	2.8420	22.40%	53.07%	7.49%	0.00%	0.00%
Sandborn Town	5.6	4.3	-23.8%	177,467	114,970	-35.2%	3.1739	2.6999	22.64%	52.66%	7.49%	0.00%	0.00%
Washington Township	64.0	56.3	-11.9%	1,642,715	1,040,265	-36.7%	2.5677	1.8461	23.93%	49.43%	7.49%	0.00%	0.00%
Bicknell City-Washington Towns	7.7	7.2	-6.1%	331,645	289,000	-12.9%	4.3242	4.0117	20.78%	55.10%	7.49%	0.00%	0.00%
Bruceville Civil Town	6.5	4.9	-25.1%	216,858	145,171	-33.1%	3.3278	2.9729	21.59%	51.16%	7.49%	0.00%	0.00%
Widner Township	58.2	54.3	-6.7%	1,439,242	954,752	-33.7%	2.4750	1.7594	24.42%	49.43%	7.49%	0.00%	0.00%
Vincennes City I	422.0	347.3	-17.7%	15,769,216	12,330,327	-21.8%	3.7364	3.5505	19.57%	52.72%	7.49%	0.00%	0.00%
Vincennes Twp-Vincennes Schools	229.2	195.3	-14.8%	5,824,387	4,070,233	-30.1%	2.5412	2.0845	20.86%	46.97%	7.49%	0.00%	0.00%
Vincennes Township-South Knox	28.5	27.4	-3.9%	767,442	532,127	-30.7%	2.6898	1.9407	22.54%	48.36%	7.49%	0.00%	0.00%
Vigo-North Township	31.3	31.2	-0.3%	784,560	550,209	-29.9%	2.5055	1.7631	24.17%	49.19%	7.49%	0.00%	0.00%
Vigo-Central Township	26.6	34.4	29.6%	700,551	641,698	-8.4%	2.6357	1.8635	23.95%	50.40%	7.49%	0.00%	0.00%
Vincennes City II	29.3	31.0	5.7%	998,294	1,025,802	2.8%	3.4068	3.3124	19.35%	50.29%	7.49%	0.00%	0.00%
<b>County Totals/Averages</b>	<b>1,407.5</b>	<b>1,282.2</b>	<b>-8.9%</b>	<b>41,618,336</b>	<b>30,668,200</b>	<b>-26.3%</b>	<b>2.9563</b>	<b>2.3988</b>	<b>21.48%</b>	<b>50.42%</b>	<b>7.49%</b>	<b>0.00%</b>	<b>0.00%</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.

## Knox 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	
Knox County	7,031,836	10,369	170,885	22,860	0	204,113
Busseron Township	49,194	0	0	0	0	0
Decker Township	35,075	0	0	0	0	0
Harrison Township	111,451	0	0	0	0	0
Johnson Township	29,270	0	16	0	0	16
Palmyra Township	117,619	0	0	0	0	0
Steen Township	54,468	0	0	0	0	0
Vigo Township	67,527	7	2,397	592	0	2,996
Vincennes Township	224,448	694	9,535	914	0	11,142
Washington Township	115,136	1	567	407	0	974
Widner Township	55,791	0	0	0	0	0
Vincennes Civil City	6,741,870	34,128	464,605	44,957	0	543,690
Bicknell Civil City	731,803	338	107,743	38,150	0	146,231
Bruceville Civil Town	60,847	0	4,035	0	0	4,035
Decker Civil Town	13,310	0	361	0	0	361
Edwardsport Civil Town	23,718	0	1,067	0	0	1,067
Monroe City Civil Town	18,209	0	0	0	0	0
Oaktown Civil Town	38,841	0	0	0	0	0
Sandborn Civil Town	41,998	0	963	0	0	963
Wheatland Civil Town	37,603	0	0	0	0	0
North Knox School Corporation	2,910,095	151	53,492	17,031	0	70,674
South Knox School Corporation	3,624,005	0	359	0	0	359
Vincennes Community School Corporation	5,905,731	19,127	262,965	25,196	0	307,288
Bicknell Public Library	108,037	15	4,896	1,661	0	6,572
Knox County Public Library	1,012,777	1,620	22,593	2,134	0	26,348
Vincennes Township Fire	967,661	0	2,814	0	0	2,814
South Vigo Township Fire	70,381	0	0	0	0	0
Vigo Central Community Fire	52,373	0	155	0	0	155
Johnson Township Community Fire	163,986	0	89	0	0	89
Knox County Solid Waste Management District	0	0	0	0	0	0
Vincennes Redevelopment Commission	0	0	0	0	0	0
<b>Total - All Taxing Units</b>	<b>30,415,060</b>	<b>66,449</b>	<b>1,109,535</b>	<b>153,903</b>	<b>0</b>	<b>1,329,887</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.

Numbers may not total due to rounding.