

2011 Property Tax Report

Lawrence County

with Comparisons to Prior Years



Legislative Services Agency

September 2011

This report describes property tax changes in Lawrence 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 Lawrence County

The average homeowner saw a 1.3% tax bill increase from 2010 to 2011.

Homestead taxes in 2011 were still 29.3% lower than they were in 2007, before the property tax reforms.

93.1% of homeowners saw lower tax bills in 2011 than in 2007.

56.4% of homeowners saw tax increases of between 1% and 9% from 2010 to 2011.

The largest percentage of homeowners have seen between a 20% and 39% 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	6,954	61.1%	602	5.3%
No Change	943	8.3%	185	1.6%
Lower Tax Bill	3,479	30.6%	10,589	93.1%
Average Change in Tax Bill	1.3%		-29.3%	
Detailed Change in Tax Bill				
20% or More	370	3.3%	344	3.0%
10% to 19%	172	1.5%	92	0.8%
1% to 9%	6,412	56.4%	166	1.5%
0%	943	8.3%	185	1.6%
-1% to -9%	3,215	28.3%	353	3.1%
-10% to -19%	83	0.7%	1,141	10.0%
-20% to -29%	44	0.4%	3,018	26.5%
-30% to -39%	27	0.2%	2,393	21.0%
-40% to -49%	17	0.1%	1,482	13.0%
-50% to -59%	19	0.2%	565	5.0%
-60% to -69%	19	0.2%	340	3.0%
-70% to -79%	15	0.1%	284	2.5%
-80% to -89%	6	0.1%	236	2.1%
-90% to -99%	3	0.0%	160	1.4%
-100%	31	0.3%	617	5.4%
Total	11,376	100.0%	11,376	100.0%

Note: Percentages may not total due to rounding.

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LOSS OF STATE HOMESTEAD CREDIT AND LOWER LOCAL PROPERTY TAX CREDITS ARE PARTLY OFFSET BY LOWER RATES, RESULTING IN SMALL HOMESTEAD TAX INCREASES

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Homestead Property Taxes

Homestead property taxes increased 1.3% on average in Lawrence County in 2011. This was less than the state average of 4.4%. Lawrence County homestead taxes were 29.3% lower in 2011 than they were in 2007, before the big tax reform. The smaller-than-average homestead tax increase in 2011 was due to the reduction in Lawrence county tax rates. The rate decrease partly offset the effects of the phaseout of the state homestead credit and the drop in the local property tax credit in 2011. The state homestead credit was 4.9% in Lawrence County in 2010. Lawrence County's local homestead credit declined due to a drop in the local income tax revenues that fund it.

Tax Rates

Property tax rates declined in all Lawrence County tax districts. The average tax rate declined by 4.1% because of an increase in net assessed value coupled with a reduction in the levy. Levies in Lawrence County decreased by 1.3%. The biggest levy increases were in the county general fund and the Bedford highway fund. The biggest levy reductions were in the North Lawrence Community Schools and Mitchell Community Schools debt service funds. Lawrence County's total net assessed value increased 2.0% in 2011. (The certified net AV used to compute tax rates rose by 2.9%.) Homestead and agricultural net assessments increased by 2.6% and 0.4%, respectively. Other residential assessments showed a small increase at 0.9%, while business net assessments increased by 2.3%.

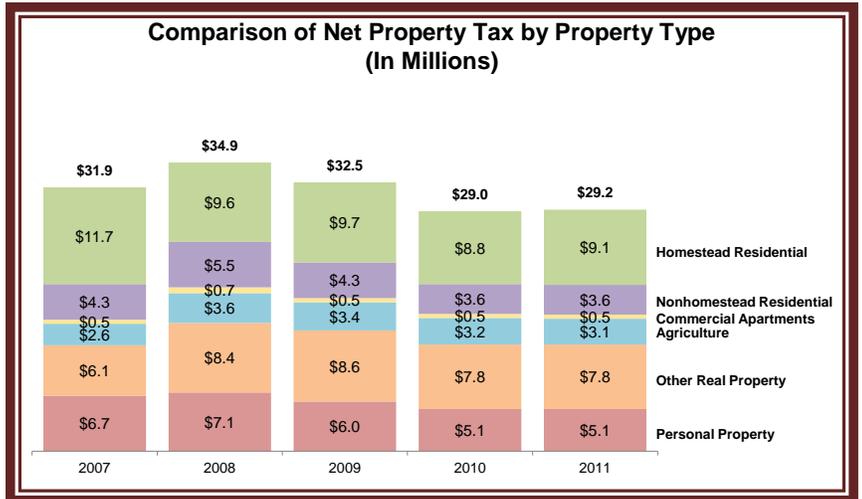
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*SMALL INCREASES IN TAX BILLS FOR MOST
NONHOMESTEAD PROPERTY*

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Net Tax Bill Changes - All Property Types

Net tax bills for all taxpayers rose 0.7% in Lawrence 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 increase by 1.2%. Tax bills for commercial apartments increased 4.0%. Business tax bills - which include commercial, industrial and utility buildings, land and equipment - were nearly unchanged, increasing by 0.7%. These small tax bill changes reflect the tax rate decreases and assessment increases in Lawrence County in 2011. Agricultural tax bills fell 4.3%, despite 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 DECREASED
SLIGHTLY IN 2011*

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Total tax cap credit losses in Lawrence County were \$2.7 million, or 7.7% of the levy. This was less than 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 Lawrence County's tax rates were higher than the state median.

More than half of the total tax cap credits were in the 2% nonhomestead/farmland category. Lawrence County had two taxing districts with rates above \$3, which made property in the 2% and 3% categories eligible for credits. The largest percentage losses were in the cities of Bedford and Mitchell. The largest dollar losses were in Bedford, the North Lawrence School Corporation, and the county unit.

Lawrence County Tax Cap Credits	1%	2%	3%	Elderly	Total	% of Levy
2010 Tax Cap Credits	\$502,595	\$1,663,839	\$633,625	\$10,236	\$2,810,294	7.8%
2011 Tax Cap Credits	594,810	1,597,210	508,778	18,105	2,718,904	7.7%
Change	\$92,215	-\$66,629	-\$124,847	\$7,870	-\$91,390	-0.2%

Tax cap credits decreased slightly in Lawrence County in 2011 by \$91,390, or 3%. The reduced

credits represent a gain of 0.2% of the total tax levy. Most of the decrease in tax cap credits was in the 3% tax cap category, which covers business property. Declines in tax rates accounted for the drop in tax cap credits. The elimination of the state homestead credit caused the 1% tax cap credit increase.

The Effect of Recession

The 2009 recession had little effect on Lawrence County assessments for pay-2011. Business property values and construction activity appear to have grown modestly in Lawrence County in 2009. Lower incomes in 2009 resulted in lower local income tax distributions in 2011, which reduced the local property tax credit. The reduction was not enough to increase tax cap credit revenue losses, however.

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*2009 RECESSION HAD LITTLE EFFECT
ON ASSESSMENTS 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	\$1,312,403,950	\$1,329,835,950	1.3%	\$480,748,919	\$493,213,631	2.6%
Other Residential	153,606,800	154,928,350	0.9%	151,781,863	153,125,687	0.9%
Ag Business/Land	159,264,700	159,925,940	0.4%	158,636,366	159,285,227	0.4%
Business Real/Personal	651,490,580	652,381,280	0.1%	486,276,163	497,526,260	2.3%
Total	\$2,276,766,030	\$2,297,071,520	0.9%	\$1,277,443,311	\$1,303,150,805	2.0%

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

Lawrence County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	2011	% Change			
						2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011
<i>County Total</i>	41,986,026	49,006,526	33,583,406	34,869,652	34,403,802	16.7%	-31.5%	3.8%	-1.3%
State Unit	33,619	35,398	0	0	0	5.3%	-100.0%		
Lawrence County	8,268,878	9,078,239	6,674,483	6,629,798	6,910,495	9.8%	-26.5%	-0.7%	4.2%
Bono Township	13,293	14,913	16,131	16,658	17,021	12.2%	8.2%	3.3%	2.2%
Guthrie Township	23,911	24,199	25,724	26,891	27,407	1.2%	6.3%	4.5%	1.9%
Indian Creek Township	23,314	25,208	26,190	27,154	27,592	8.1%	3.9%	3.7%	1.6%
Marion Township	161,134	163,119	167,000	165,533	139,111	1.2%	2.4%	-0.9%	-16.0%
Marshall Township	62,403	66,879	60,652	63,671	58,490	7.2%	-9.3%	5.0%	-8.1%
Perry Township	25,935	29,670	28,814	29,807	30,320	14.4%	-2.9%	3.4%	1.7%
Pleasant Run Township	25,233	27,834	28,098	43,963	44,544	10.3%	0.9%	56.5%	1.3%
Shawswick Township	228,728	247,381	249,911	259,141	263,896	8.2%	1.0%	3.7%	1.8%
Spice Valley Township	27,578	31,040	32,009	32,989	33,615	12.6%	3.1%	3.1%	1.9%
Bedford Civil City	6,666,346	7,049,052	6,857,942	7,157,678	7,357,254	5.7%	-2.7%	4.4%	2.8%
Mitchell Civil City	893,067	1,072,681	1,059,094	1,119,771	1,144,710	20.1%	-1.3%	5.7%	2.2%
Oolitic Civil Town	104,414	110,555	113,064	115,992	115,518	5.9%	2.3%	2.6%	-0.4%
North Lawrence Community School Corp	16,509,370	21,294,497	10,314,696	11,927,779	11,236,656	29.0%	-51.6%	15.6%	-5.8%
Mitchell Community School Corp	6,533,243	7,147,613	5,318,610	4,532,648	4,190,559	9.4%	-25.6%	-14.8%	-7.5%
Bedford Public Library	914,947	1,211,350	1,205,742	1,276,185	1,304,520	32.4%	-0.5%	5.8%	2.2%
Mitchell Community Public Library	370,991	382,790	404,193	406,297	434,504	3.2%	5.6%	0.5%	6.9%
Lawrence County Solid Waste Mgt Dist	1,099,622	994,108	1,001,053	1,037,697	1,067,590	-9.6%	0.7%	3.7%	2.9%
Lawrence County Redevelopment Comm	0	0	0	0	0				

Lawrence County 2011 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
				COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	
47001	Bono Township	2.1215	9.3526%	--	--	--	--	1.9231
47002	Guthrie Township	2.0173	9.3526%	--	--	--	--	1.8286
47003	Indian Creek Township	1.9821	9.3526%	--	--	--	--	1.7967
47004	Marion Township	2.1073	9.3526%	--	--	--	--	1.9102
47005	Mitchell City	3.4066	9.3526%	--	--	--	--	3.0880
47006	Marshall Township	1.9821	9.3526%	--	--	--	--	1.7967
47007	Perry Township	1.9890	9.3526%	--	--	--	--	1.8030
47008	Pleasant Run Township	2.0257	9.3526%	--	--	--	--	1.8362
47009	Shawswick Township	2.0292	9.3526%	--	--	--	--	1.8394
47010	Bedford City	3.5408	9.3526%	--	--	--	--	3.2096
47011	Oolitic Town	2.5860	9.3526%	--	--	--	--	2.3441
47012	Spice Valley Township-North	1.9961	9.3526%	--	--	--	--	1.8094
47013	Spice Valley Township-South	2.1069	9.3526%	--	--	--	--	1.9099

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.

Lawrence 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>	594,810	1,595,572	454,665	18,106	2,663,153	34,403,802	7.7%
<i>TIF Total</i>	0	1,638	54,113	0	55,751	1,135,856	4.9%
<i>County Total</i>	594,810	1,597,210	508,778	18,106	2,718,904	35,539,658	7.7%
Lawrence County	92,464	245,645	69,447	3,433	410,990	6,910,495	5.9%
Bono Township	0	0	0	3	3	17,021	0.0%
Guthrie Township	48	0	0	17	65	27,407	0.2%
Indian Creek Township	28	0	0	8	36	27,592	0.1%
Marion Township	380	2,473	303	41	3,197	139,111	2.3%
Marshall Township	147	0	0	25	172	58,490	0.3%
Perry Township	26	0	0	15	41	30,320	0.1%
Pleasant Run Township	2	0	0	24	25	44,544	0.1%
Shawswick Township	4,226	10,037	3,200	130	17,593	263,896	6.7%
Spice Valley Township	25	0	0	30	55	33,615	0.2%
Bedford Civil City	241,396	576,979	187,279	4,683	1,010,337	7,357,254	13.7%
Mitchell Civil City	15,155	111,701	13,679	599	141,133	1,144,710	12.3%
Oolitic Civil Town	405	4,107	0	65	4,577	115,518	4.0%
North Lawrence Community School Corp	187,102	436,764	139,262	5,836	768,963	11,236,656	6.8%
Mitchell Community School Corp	15,764	108,012	13,227	1,804	138,808	4,190,559	3.3%
Bedford Public Library	21,722	50,706	16,168	678	89,273	1,304,520	6.8%
Mitchell Community Public Library	1,635	11,199	1,372	187	14,393	434,504	3.3%
Lawrence County Contractual Library	0	0	0	0	0	0	
Lawrence County Solid Waste Mgt Dist	14,285	37,949	10,729	530	63,493	1,067,590	5.9%
Lawrence County Redevelopment Comm	0	0	0	0	0	0	
TIF - Marion Township 004	0	0	0	0	0	0	
TIF - Mitchell City 005	0	0	3,816	0	3,816	147,735	2.6%
TIF - Marshall Township 006	0	0	0	0	0	67,621	0.0%
TIF - Bedford City 010	0	1,638	50,297	0	51,935	920,499	5.6%

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.