

2009 MARTIN COUNTY PROPERTY TAX REPORT

WITH COMPARISONS TO 2007 AND 2008

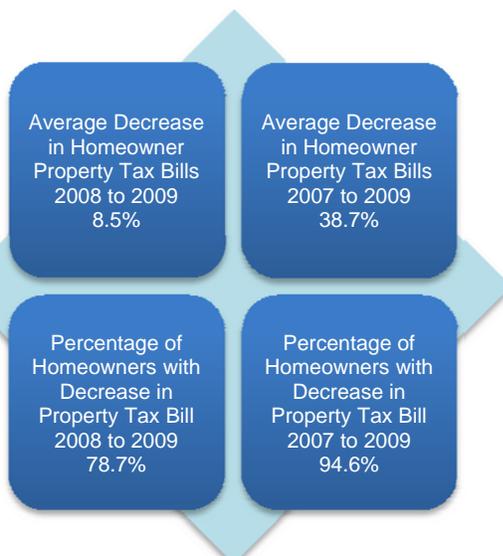


Legislative Services Agency

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 Martin 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	149	5.5%	70	2.6%
10% to 19%	147	5.4%	7	0.3%
1% to 9%	227	8.3%	14	0.5%
0%	57	2.1%	55	2.0%
-1% to -9%	625	23.0%	24	0.9%
-10% to -19%	520	19.1%	56	2.1%
-20% to -29%	409	15.0%	256	9.4%
-30% to -39%	128	4.7%	731	26.8%
-40% to -49%	79	2.9%	653	24.0%
-50% to -59%	56	2.1%	401	14.7%
-60% to -69%	60	2.2%	112	4.1%
-70% to -79%	43	1.6%	75	2.8%
-80% to -89%	43	1.6%	69	2.5%
-90% to -99%	36	1.3%	54	2.0%
-100%	144	5.3%	146	5.4%
Total	2,723	100.0%	2,723	100.0%
Higher Tax Bill	523	19.2%	91	3.3%
No Change	57	2.1%	55	2.0%
Lower Tax Bill	2,143	78.7%	2,577	94.6%
Average Change in Tax Bill	-8.5%		-38.7%	

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	Martin County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-10.6%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-34.1%	-30.6%
State PTRC Percentage, 2008	23.4%	20.1%
Total State Homestead Credit, 2008	44.8%	39.5%
Total State Homestead Credit, 2009	8.6%	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 Martin County decreased by 8.5%. The school general fund and county welfare levies were a larger share of Martin County's levy in 2008, so their elimination reduced Martin County tax rates by more than the state average. But Martin County taxpayers saw a higher-than-average state homestead credit rate in 2008. The loss of this tax relief added to homestead tax bills. Martin County did not adopt a local option income tax for property tax relief, and few Martin County homeowners were eligible for the circuit breaker tax cap credits. Homeowner taxes were substantially lower in 2009 compared to 2007 in Martin County, as they were in almost all Indiana counties.

2009 Property Tax Changes:

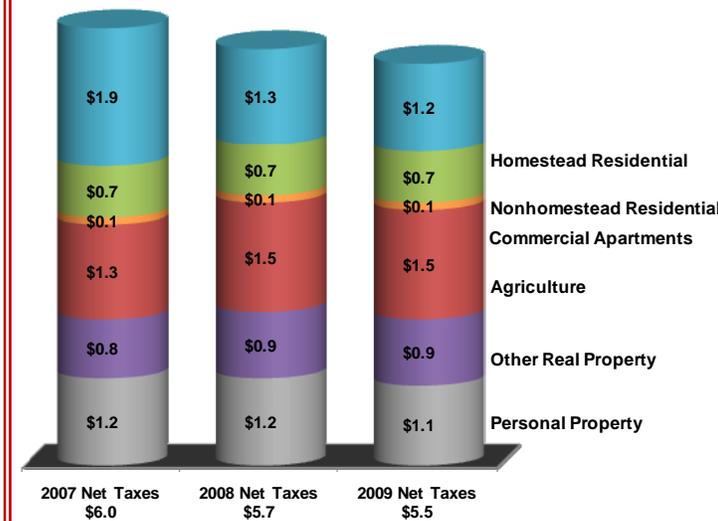
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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
Martin County
(In Millions)



In Martin County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw no significant change in average tax bills. Average tax bills on commercial apartments also largely did not change. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw no significant change. Other commercial, industrial, and utility real property average tax bills remained largely unchanged. Personal property, which is largely business equipment, saw an 8.3% decrease 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 Martin County \$31,472

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



Martin 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	\$8,037,392	\$8,448,451	\$5,529,124	5.1%	-34.6%	-0.7%
State Unit	7,374	7,948	0	7.8%	-100.0%	
Martin County	1,640,909	1,934,102	1,506,755	17.9%	-22.1%	-0.8%
Center Township	18,243	19,842	20,776	8.8%	4.7%	4.7%
Halbert Township	31,820	32,267	35,684	1.4%	10.6%	10.6%
Lost River Township	14,259	14,942	15,100	4.8%	1.1%	1.1%
Mitcheltree Township	26,778	30,290	32,164	13.1%	6.2%	6.2%
Perry Township	50,733	52,708	55,727	3.9%	5.7%	5.7%
Rutherford Township	17,196	17,998	19,171	4.7%	6.5%	6.5%
Loogootee Civil City	401,127	438,755	434,286	9.4%	-1.0%	3.4%
Crane Civil Town	0	0	0	0.0%	0.0%	0.0%
Shoals Civil Town	135,412	145,682	152,099	7.6%	4.4%	4.4%
Shoals Community School Corporation	2,694,647	2,690,365	1,724,952	-0.2%	-35.9%	0.2%
Loogootee Community School Corporation	2,817,301	2,871,718	1,334,358	1.9%	-53.5%	-4.6%
Loogootee Public Library	52,564	55,438	52,440	5.5%	-5.4%	-5.4%
Shoals Public Library	17,505	18,826	19,657	7.5%	4.4%	4.4%
Martin County Solid Waste Mgt. District	111,524	117,570	125,955	5.4%	7.1%	7.1%

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.

Martin 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	32.0	27.5	-14.2%	799,652	524,984	-34.3%	2.4958	1.9087	21.34%	42.29%	8.61%	0.00%	0.00%
Shoals Town/Center Township	6.8	5.2	-23.1%	242,534	168,879	-30.4%	3.5756	3.2367	19.70%	47.13%	8.61%	0.00%	0.00%
Halbert Township	58.8	56.3	-4.3%	1,464,020	1,067,766	-27.1%	2.4902	1.8977	21.35%	42.25%	8.61%	0.00%	0.00%
Shoals Town/Halbert Township	8.0	7.5	-6.7%	287,497	242,991	-15.5%	3.5823	3.2439	19.69%	47.16%	8.61%	0.00%	0.00%
Lost River Township	22.8	20.7	-9.4%	572,607	395,957	-30.9%	2.5061	1.9135	21.21%	42.08%	8.61%	0.00%	0.00%
Mitcheltree Township	19.3	17.8	-7.8%	500,880	359,601	-28.2%	2.5978	2.0222	21.14%	42.96%	8.61%	0.00%	0.00%
Perry Township	69.7	57.7	-17.2%	1,556,739	832,645	-46.5%	2.2322	1.4427	26.59%	44.68%	8.61%	0.00%	0.00%
Loogootee City	68.9	58.1	-15.6%	2,020,812	1,318,501	-34.8%	2.9344	2.2675	23.72%	47.24%	8.61%	0.00%	0.00%
Crane Town	11.8	11.7	-1.2%	261,547	165,946	-36.6%	2.2168	1.4238	26.66%	44.57%	8.61%	0.00%	0.00%
Rutherford Township	32.8	33.6	2.3%	736,887	485,593	-34.1%	2.2437	1.4460	26.53%	44.76%	8.61%	0.00%	0.00%
County Totals/Averages	331.0	296.1	-10.6%	8,443,175	5,562,863	-34.1%	2.5510	1.8788	23.40%	44.82%	8.61%	0.00%	0.00%

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.

Martin County 2009 Circuit Breaker Cap Credits

Taxing Unit	Total Levy	Circuit Breaker Credits by Property Type				
		(1.5%) Homesteads	(2.5%) Other Residential/ Farmland	(3.5%) All Other Real/Personal	Elderly	Total
Martin County	1,506,755	26	4,858	0	125	5,009
Center Township	20,776	0	168	0	0	169
Halbert Township	35,684	0	228	0	3	231
Lost River Township	15,100	0	0	0	0	0
Mitcheltree Township	32,164	9	0	0	0	9
Perry Township	55,727	0	0	0	6	6
Rutherford Township	19,171	0	0	0	0	0
Loogootee Civil City	434,286	0	0	0	133	133
Crane Civil Town	0	0	0	0	0	0
Shoals Civil Town	152,099	0	11,419	0	80	11,500
Shoals Community School Corporation	1,724,952	65	12,197	0	86	12,348
Loogootee Community School Corporation	1,334,358	0	0	0	147	147
Loogootee Public Library	52,440	0	0	0	16	16
Shoals Public Library	19,657	0	1,476	0	10	1,486
Martin County Solid Waste	0	0	0	0	0	0
Martin County Solid Waste Management District	125,955	2	406	0	10	419
Total - All Taxing Units	5,529,124	102	30,753	0	617	31,472

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.