

# 2009 PIKE COUNTY PROPERTY TAX REPORT

## WITH COMPARISONS TO 2007 AND 2008

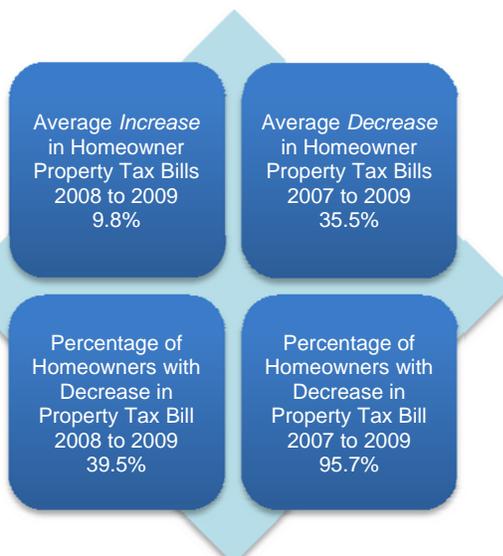


Legislative Services Agency

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 Pike 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	767	21.7%	36	1.0%
10% to 19%	547	15.5%	13	0.4%
1% to 9%	744	21.0%	20	0.6%
0%	84	2.4%	83	2.3%
-1% to -9%	595	16.8%	36	1.0%
-10% to -19%	236	6.7%	126	3.6%
-20% to -29%	87	2.5%	537	15.2%
-30% to -39%	61	1.7%	1,040	29.4%
-40% to -49%	52	1.5%	815	23.0%
-50% to -59%	55	1.6%	374	10.6%
-60% to -69%	39	1.1%	92	2.6%
-70% to -79%	34	1.0%	73	2.1%
-80% to -89%	34	1.0%	63	1.8%
-90% to -99%	16	0.5%	40	1.1%
-100%	187	5.3%	190	5.4%
<b>Total</b>	<b>3,538</b>	<b>100.0%</b>	<b>3,538</b>	<b>100.0%</b>
Higher Tax Bill	2,058	58.2%	69	2.0%
No Change	84	2.4%	83	2.3%
Lower Tax Bill	1,396	39.5%	3,386	95.7%
<b>Average Change in Tax Bill</b>	<b>9.8%</b>		<b>-35.5%</b>	

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	Pike County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-5.1%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-25.5%	-30.6%
State PTRC Percentage, 2008	22.1%	20.1%
Total State Homestead Credit, 2008	52.5%	39.5%
Total State Homestead Credit, 2009	8.5%	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 Pike County increased by 9.8%. Pike County taxpayers saw high state property tax replacement credit and state homestead credit rates in 2008. This loss of tax relief more than offset the effects of the new 35% supplemental homestead deduction and the lower tax rates. Pike County taxing units also increased their levies more than the state average, so the levy eliminations caused a smaller reduction in tax rates. Pike

County did not adopt a local option income tax for property tax relief for 2009, and only a few elderly Pike County homeowners were eligible for the circuit breaker tax cap credits. Homeowner taxes were substantially lower in 2009 compared to 2007 in

## 2009 Property Tax Changes:

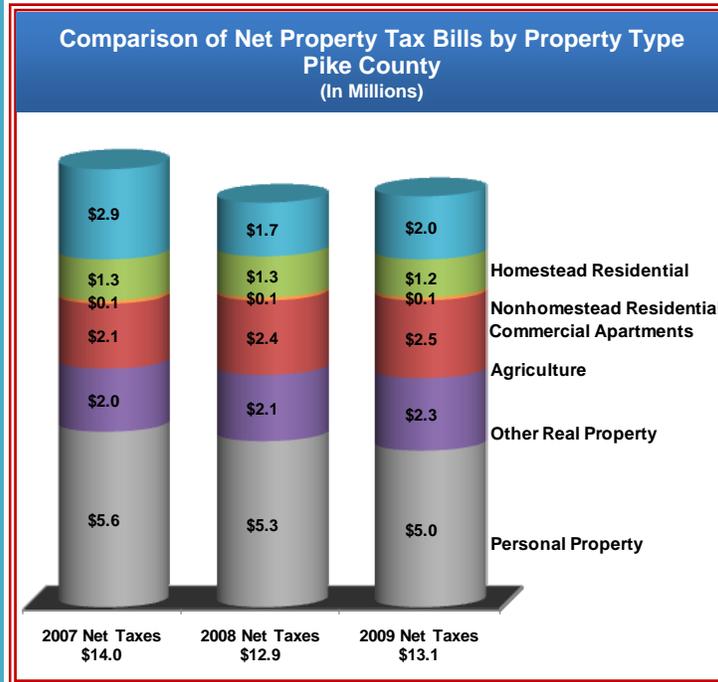
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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.

Pike County, as they were in almost all Indiana counties.



In Pike County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw a 7.7% decline in average property tax bills. Average tax bills on commercial apartments were increased 10%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw a 4.2% average tax increase. Other commercial, industrial, and utility real property average tax bills increased 9.5%. Personal property, which is largely business equipment, saw a 5.7% decrease in average tax bills.

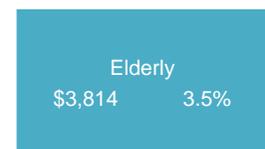
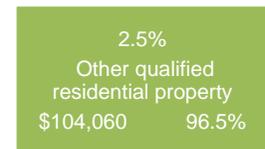
**Circuit Breaker Tax Caps.** Property tax caps limit taxpayers' tax bills to a fixed percentage of their property's assessed value before deductions. Tax bills that exceed the caps are reduced by a tax credit. The cap rates were 1.5% for homesteads, 2.5% for other residential property and farmland, 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 Pike County \$107.873

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



### Pike 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>\$18,045,448</b>	<b>\$17,730,171</b>	<b>\$13,202,009</b>	<b>-1.7%</b>	<b>-25.5%</b>	<b>5.7%</b>
State Unit	14,457	15,420	0	6.7%	-100.0%	
Pike County	6,011,280	5,633,028	5,125,218	-6.3%	-9.0%	7.8%
Clay Township	13,503	14,464	15,131	7.1%	4.6%	4.6%
Jefferson Township	27,406	28,442	29,433	3.8%	3.5%	3.5%
Lockhart Township	29,478	30,643	32,040	4.0%	4.6%	4.6%
Logan Township	11,327	12,344	13,110	9.0%	6.2%	6.2%
Madison Township	14,699	15,516	16,137	5.6%	4.0%	4.0%
Marion Township	10,762	11,048	11,646	2.7%	5.4%	5.4%
Monroe Township	32,294	33,898	35,645	5.0%	5.2%	5.2%
Patoka Township	28,262	29,365	31,096	3.9%	5.9%	5.9%
Washington Township	112,020	115,535	120,362	3.1%	4.2%	4.2%
Petersburg Civil City	522,615	538,498	544,138	3.0%	1.0%	1.5%
Spurgeon Civil Town	13,712	13,203	13,679	-3.7%	3.6%	3.6%
Winslow Civil Town	138,794	142,414	123,457	2.6%	-13.3%	-13.3%
Pike County School Corporation	10,451,518	10,461,610	6,426,939	0.1%	-38.6%	5.1%
Pike County Public Library	439,144	453,623	473,519	3.3%	4.4%	4.4%
Patoka Township Fire	105,581	110,168	116,689	4.3%	5.9%	5.9%
Jefferson-Marion Township Fire	68,596	70,952	73,770	3.4%	4.0%	4.0%
Pike County Solid Waste Management District	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.

### Pike 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 Rate-Real	State Homestead, Total		Total Local Income Tax Credits, Homesteads	
	2008	2009	% Change	2008	2009	% Change	2008	2009	2008	2008	2009	2008	2009
Clay Township	31.6	39.2	24.2%	828,839	789,240	-4.8%	2.6240	2.0121	22.54%	51.61%	8.47%	0.00%	0.00%
Jefferson Township	75.3	69.2	-8.1%	2,023,731	1,451,923	-28.3%	2.6876	2.0973	22.39%	51.93%	8.47%	0.00%	0.00%
Lockhart Township	33.4	29.1	-12.7%	891,226	607,362	-31.9%	2.6706	2.0843	22.38%	51.72%	8.47%	0.00%	0.00%
Logan Township	19.4	18.3	-5.8%	513,154	374,266	-27.1%	2.6420	2.0456	22.49%	51.70%	8.47%	0.00%	0.00%
Madison Township	19.6	19.3	-1.2%	520,317	397,925	-23.5%	2.6579	2.0575	22.43%	51.72%	8.47%	0.00%	0.00%
Marion Township	24.7	22.5	-8.6%	664,253	474,648	-28.5%	2.6947	2.1065	22.37%	51.96%	8.47%	0.00%	0.00%
Monroe Township	32.3	29.9	-7.2%	864,172	625,291	-27.6%	2.6784	2.0886	22.41%	51.88%	8.47%	0.00%	0.00%
Spurgeon Town	3.1	2.3	-24.3%	94,963	61,778	-34.9%	3.0634	2.6341	21.45%	53.03%	8.47%	0.00%	0.00%
Patoka Township	52.5	46.1	-12.3%	1,489,405	1,052,374	-29.3%	2.8358	2.2851	22.06%	52.60%	8.47%	0.00%	0.00%
Winslow Town	11.5	9.3	-19.0%	444,592	314,548	-29.3%	3.8779	3.3865	20.38%	55.54%	8.47%	0.00%	0.00%
Washington Township	288.4	280.1	-2.9%	7,539,090	5,637,166	-25.2%	2.6140	2.0124	22.56%	51.56%	8.47%	0.00%	0.00%
Petersburg City	55.1	48.0	-12.9%	1,975,624	1,508,865	-23.6%	3.5859	3.1433	20.68%	54.70%	8.47%	0.00%	0.00%
<b>County Totals/Averages</b>	<b>646.8</b>	<b>613.5</b>	<b>-5.1%</b>	<b>17,849,366</b>	<b>13,295,386</b>	<b>-25.5%</b>	<b>2.7594</b>	<b>2.1663</b>	<b>22.07%</b>	<b>52.53%</b>	<b>8.47%</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.

## Pike 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	
Pike County	5,125,218	0	27,293	0	1,253	28,546
Clay Township	15,131	0	0	0	0	0
Jefferson Township	29,433	0	0	0	7	7
Lockhart Township	32,040	0	0	0	32	32
Logan Township	13,110	0	0	0	2	2
Madison Township	16,137	0	0	0	2	2
Marion Township	11,646	0	0	0	1	1
Monroe Township	35,645	0	33	0	0	33
Patoka Township	31,096	0	538	0	20	558
Washington Township	120,362	0	531	0	15	546
Petersburg Civil City	544,138	0	25,735	0	635	26,370
Spurgeon Civil Town	13,679	0	308	0	0	308
Winslow Civil Town	123,457	0	12,872	0	66	12,937
Pike County School Corporation	6,426,939	0	34,228	0	1,571	35,799
Petersburg Public Library	0	0	0	0	0	0
Pike County Contractual Public Library	0	0	0	0	0	0
Pike County Public Library	473,519	0	2,521	0	116	2,637
Patoka Township Fire	116,689	0	0	0	78	78
Jefferson-Marion Township Fire	73,770	0	0	0	16	16
Pike County Solid Waste District	0	0	0	0	0	0
<b>Total - All Taxing Units</b>	<b>13,202,009</b>	<b>0</b>	<b>104,060</b>	<b>0</b>	<b>3,814</b>	<b>107,873</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.