

2009 SPENCER COUNTY PROPERTY TAX REPORT

WITH COMPARISONS TO 2007 AND 2008

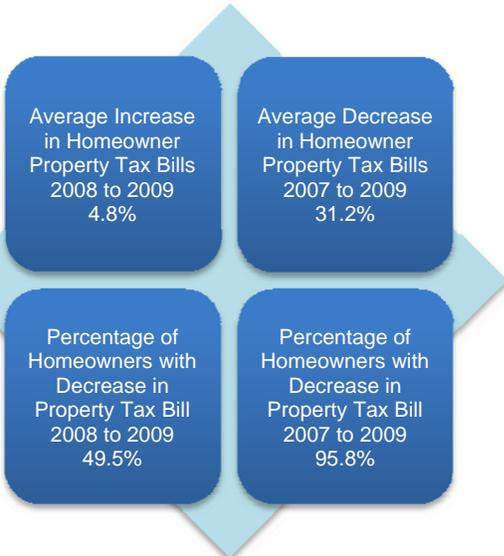


Legislative Services Agency

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 Spencer 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	369	6.7%	119	2.2%
10% to 19%	677	12.4%	25	0.5%
1% to 9%	1,677	30.6%	44	0.8%
0%	44	0.8%	40	0.7%
-1% to -9%	811	14.8%	78	1.4%
-10% to -19%	994	18.2%	182	3.3%
-20% to -29%	432	7.9%	1,070	19.5%
-30% to -39%	96	1.8%	1,997	36.5%
-40% to -49%	58	1.1%	1,110	20.3%
-50% to -59%	45	0.8%	435	7.9%
-60% to -69%	49	0.9%	81	1.5%
-70% to -79%	45	0.8%	60	1.1%
-80% to -89%	27	0.5%	57	1.0%
-90% to -99%	20	0.4%	44	0.8%
-100%	132	2.4%	134	2.4%
Total	5,476	100.0%	5,476	100.0%
Higher Tax Bill	2,723	49.7%	188	3.4%
No Change	44	0.8%	40	0.7%
Lower Tax Bill	2,709	49.5%	5,248	95.8%
Average Change in Tax Bill	4.8%		-31.2%	

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	Spencer County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-17.7%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-37.1%	-30.6%
State PTRC Percentage, 2008	23.1%	20.1%
Total State Homestead Credit, 2008	43.0%	39.5%
Total State Homestead Credit, 2009	7.1%	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 Spencer County increased by 4.8%. Spencer County's net assessed value fell by more than the state average, which caused a smaller-than-average decrease in tax rates. In addition, Spencer County taxpayers saw a higher-than-average state property tax replacement and state homestead credit rate in 2008. The smaller reduction in tax rates and the loss of this added tax relief increased homestead tax bills by an amount

2009 Property Tax Changes:

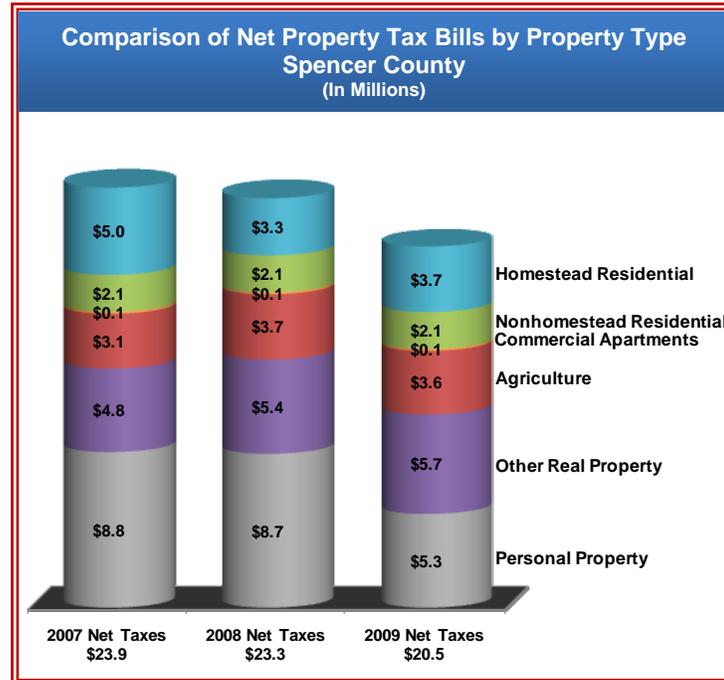
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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.

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



In Spencer County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw no significant change in average property tax bills. Tax bills on commercial apartments decreased 44.4%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw a 2.7% average tax decrease. Other commercial, industrial, and utility real property average tax bills increased 5.6%. Personal property, which is largely business equipment, saw a 39.1% 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 Spencer County \$45,071

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



Spencer 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	\$29,337,539	\$30,689,358	\$19,332,841	4.6%	-37.0%	-5.6%
State Unit	28,872	31,188	0	8.0%	-100.0%	
Spencer County	6,475,766	7,000,341	5,777,014	8.1%	-17.5%	-7.2%
Carter Township	23,247	24,060	24,507	3.5%	1.9%	1.9%
Clay Township	36,719	38,030	39,454	3.6%	3.7%	3.7%
Grass Township	47,972	72,923	72,213	52.0%	-1.0%	-1.0%
Hammond Township	27,927	30,792	32,021	10.3%	4.0%	4.0%
Harrison Township	25,275	25,872	26,666	2.4%	3.1%	3.1%
Huff Township	14,699	15,214	15,378	3.5%	1.1%	1.1%
Jackson Township	18,067	19,408	17,890	7.4%	-7.8%	-7.8%
Luce Township	225,604	238,113	237,888	5.5%	-0.1%	-0.1%
Ohio Township	299,767	255,275	215,375	-14.8%	-15.6%	-15.6%
Rockport Civil City	486,665	497,612	472,480	2.2%	-5.1%	-5.1%
Chrisney Civil Town	40,482	41,798	43,654	3.3%	4.4%	4.4%
Dale Civil Town	232,726	241,196	243,169	3.6%	0.8%	0.8%
Gentryville Civil Town	20,722	20,638	21,800	-0.4%	5.6%	5.6%
Grandview Civil Town	67,779	70,995	73,865	4.7%	4.0%	4.0%
Santa Claus Civil Town	528,650	544,628	566,419	3.0%	4.0%	4.0%
North Spencer County School Corporation	8,759,469	9,245,405	5,270,641	5.5%	-43.0%	9.0%
South Spencer County School Corporation	10,334,453	10,582,084	4,498,726	2.4%	-57.5%	-19.7%
Spencer County Public Library	833,871	853,018	831,849	2.3%	-2.5%	-2.5%
Lincoln Heritage Public Library	434,084	448,879	462,705	3.4%	3.1%	3.1%
Carter Fire Protection District	86,002	89,108	90,593	3.6%	1.7%	1.7%
Spencer County Solid Waste Mgt. District	288,721	302,781	298,534	4.9%	-1.4%	-1.4%

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.

Spencer 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
Carter Township	65.9	60.6	-8.1%	1,493,115	1,024,747	-31.4%	2.2650	1.6908	23.70%	42.15%	7.10%	4.38%	4.16%
Dale Town	61.0	56.2	-7.9%	1,623,206	1,193,370	-26.5%	2.6603	2.1235	22.59%	44.74%	7.10%	4.96%	4.94%
Santa Claus Town-Carter Township	42.5	46.3	9.0%	1,063,719	912,226	-14.2%	2.5030	1.9684	22.67%	42.96%	7.10%	4.56%	4.50%
Clay Township	31.0	29.0	-6.3%	692,066	481,634	-30.4%	2.2339	1.6584	23.71%	41.66%	7.10%	4.27%	4.01%
Santa Claus Town-Clay Township	133.7	112.4	-15.9%	3,347,923	2,218,056	-33.7%	2.5049	1.9730	22.63%	42.89%	7.10%	4.55%	4.48%
Grass Township	59.5	57.4	-3.5%	1,366,777	986,397	-27.8%	2.2983	1.7191	23.08%	41.06%	7.10%	4.14%	3.88%
Chrisney Town	9.5	8.6	-9.6%	251,490	183,426	-27.1%	2.6525	2.1408	22.49%	44.39%	7.10%	4.88%	4.89%
Hammond Township-North	26.3	24.7	-6.2%	600,244	428,239	-28.7%	2.2785	1.7334	23.97%	43.09%	7.10%	4.59%	4.47%
Hammond Township-South	16.3	15.2	-6.9%	367,299	252,931	-31.1%	2.2556	1.6688	23.78%	42.71%	7.10%	4.51%	4.43%
Grandview Town	14.9	11.8	-20.9%	403,873	267,666	-33.7%	2.7147	2.2748	22.50%	45.56%	7.10%	5.15%	5.38%
Harrison Township	81.0	75.0	-7.4%	1,791,461	1,224,656	-31.6%	2.2124	1.6337	23.88%	41.73%	7.10%	4.29%	4.02%
Santa Claus Town-Harrison Town	0.6	0.8	42.4%	14,272	16,014	12.2%	2.5123	1.9795	22.64%	43.02%	7.10%	4.58%	4.52%
Huff Township	62.4	60.2	-3.4%	1,374,826	978,041	-28.9%	2.2050	1.6239	23.90%	41.64%	7.10%	4.27%	3.99%
Jackson Township	23.8	23.3	-2.2%	536,188	388,108	-27.6%	2.2502	1.6653	23.75%	42.03%	7.10%	4.36%	4.10%
Gentryville Town	4.1	3.2	-20.3%	111,931	75,664	-32.4%	2.7589	2.3393	21.65%	43.39%	7.10%	4.66%	4.72%
Luce Township	87.0	77.2	-11.2%	2,149,022	1,474,755	-31.4%	2.4711	1.9102	22.42%	42.33%	7.10%	4.42%	4.42%
Ohio Township	537.1	368.4	-31.4%	12,048,651	6,107,992	-49.3%	2.2433	1.6582	23.77%	42.47%	7.10%	4.45%	4.36%
Rockport City	43.2	38.8	-10.3%	1,454,948	1,102,767	-24.2%	3.3678	2.8442	21.25%	48.09%	7.10%	5.71%	5.88%
County Totals/Averages	1,299.6	1,069.1	-17.7%	30,691,013	19,316,689	-37.1%	2.3617	1.8068	23.10%	42.96%	7.10%	4.56%	4.46%

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.

Spencer 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	
Spencer County	5,777,014	0	8,305	0	340	8,645
Carter Township	24,507	0	0	0	2	2
Clay Township	39,454	0	0	0	0	0
Grass Township	72,213	0	0	0	0	0
Hammond Township	32,021	0	0	0	0	0
Harrison Township	26,666	0	0	0	4	4
Huff Township	15,378	0	0	0	0	0
Jackson Township	17,890	0	0	0	0	0
Luce Township	237,888	0	0	0	4	4
Ohio Township	215,375	0	354	0	12	365
Rockport Civil City	472,480	0	18,753	0	221	18,974
Chrisney Civil Town	43,654	0	0	0	0	0
Dale Civil Town	243,169	0	0	0	13	13
Gentryville Civil Town	21,800	0	0	0	0	0
Grandview Civil Town	73,865	0	0	0	0	0
Santa Claus Civil Town	566,419	0	0	0	52	52
North Spencer County School Corporation	5,270,641	0	0	0	282	282
South Spencer County School Corporation	4,498,726	0	13,527	0	291	13,818
Grandview Public Library	0	0	0	0	0	0
Rockport Public Library	0	0	0	0	0	0
Spencer County Contractual Library	0	0	0	0	0	0
Spencer County Public Library	831,849	0	2,386	0	51	2,437
Lincoln Heritage Public Library	462,705	0	0	0	26	26
Carter Fire Protection District	90,593	0	0	0	2	2
Spencer County Solid Waste Management District	298,534	0	429	0	18	446
Total - All Taxing Units	19,332,841	0	43,754	0	1,318	45,071

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.