

2010 Property Tax Report

Starke County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Starke County between 2009 and 2010, with comparison to changes between 2007 and 2010. The report also shows the overall changes to property tax levies and property assessments since the recent property tax reforms have been implemented. Explanatory information is provided to highlight changes that are unique to Starke County and those that have occurred throughout the state. Statewide averages are based on data from all counties except Lake and LaPorte.

Comparable Homestead Property Tax Changes in Starke County

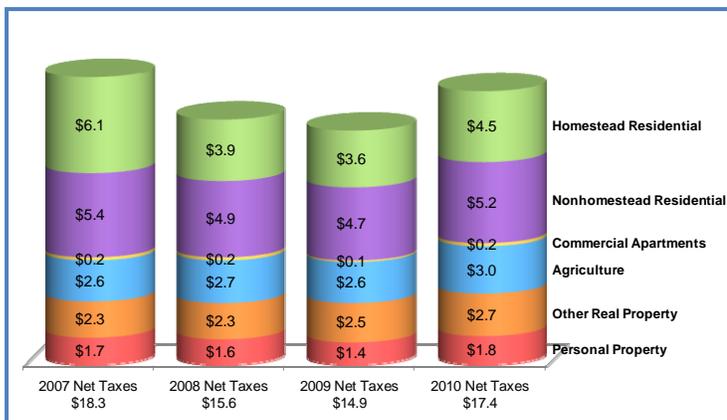
	2009 to 2010		2007 to 2010		
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total	
Summary Change in Tax Bill					
Higher Tax Bill	4,808	77.7%	250	4.0%	95.6% of homeowners saw lower tax bills in 2010 than in 2007.
No Change	223	3.6%	24	0.4%	
Lower Tax Bill	1,160	18.7%	5,917	95.6%	
Average Change in Tax Bill	20.2%		-32.5%		
Detailed Change in Tax Bill					
20% or More	2,764	44.6%	118	1.9%	67.5% of homeowners saw tax increases of 10% or more from 2009 to 2010.
10% to 19%	1,419	22.9%	45	0.7%	
1% to 9%	625	10.1%	87	1.4%	
0%	223	3.6%	24	0.4%	
-1% to -9%	937	15.1%	158	2.6%	The largest percentage of homeowners have seen between a 20% and 49% decrease in their tax bills from 2007 to 2010.
-10% to -19%	118	1.9%	440	7.1%	
-20% to -29%	32	0.5%	1,338	21.6%	
-30% to -39%	19	0.3%	1,455	23.5%	
-40% to -49%	10	0.2%	1,260	20.4%	
-50% to -59%	13	0.2%	599	9.7%	
-60% to -69%	6	0.1%	185	3.0%	
-70% to -79%	7	0.1%	124	2.0%	
-80% to -89%	6	0.1%	107	1.7%	
-90% to -99%	2	0.0%	64	1.0%	
-100%	10	0.2%	187	3.0%	
Total	6,191	100.0%	6,191	100.0%	

Note: Percentages may not total due to rounding.

Starke County Overview

The much larger-than-average increase in homeowner tax bills was mainly due to local government levy increases. Property tax levies increased 15.5% in Starke County in 2010, much more than the state average increase of 2.4%. The largest levy increases were in the Oregon-Davis School Corporation's debt service and transportation funds and in the Knox Community School Corporation's debt service and capital projects funds. Starke County homeowners benefitted less from the one percent property tax cap than did homeowners in the average county, primarily because Starke County home values and tax rates tend to be lower than the state average.

Comparison of Net Property Tax by Property Type
(In Millions)



Net tax bills for all taxpayers increased 15.2% in Starke County from 2009 to 2010. This was higher than the statewide reduction of 1.4%. In 2010 apartment owners saw a 6.0% increase in tax bills. The tightening of the tax caps from 2.5% to 2% for rental housing moderated the tax increase from the larger levy. The tightening of the tax caps also affected nonhomestead residential property (mostly small rental residences), which saw a 10.4% increase in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw an 8.4% and 24.0% increase, respectively, in tax bills in 2010. These changes in tax bills were mainly due to the increase in Starke County property tax levies and changes in assessed values. Business real property net AV

declined by 2.5%, while business personal property net AV grew by 5.9%. Commercial and industrial property did not benefit from the tightened tax caps, because Starke County's tax rates were not high enough for this type of property to qualify for tax cap credits. Agricultural business property saw a 16.2% increase in tax payments in 2010 because of the Starke County tax levy increases and the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre.

2010 Property Tax Policy Changes

Property Tax Caps. Property tax caps tightened to their permanent levels. The tighter caps meant more taxpayers were eligible for tax cap credits. This resulted in greater reductions in property tax revenue for local governments.

State Homestead Credits. State homestead credits were reduced by 43% between 2009 and 2010 as part of a scheduled phaseout. The average statewide credit rate fell from 8% to 5% as a result. The credit will be eliminated in 2011.



Tax Cap Credits

Tax cap credits in Starke County in 2010 amounted to 2.0% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was partly due to lower-than-average tax rates in Starke County. Housing in the 2% cap category qualified for credits in 4 of 14 total taxing districts where tax rates exceeded \$2. No commercial or industrial properties in the 3% tax cap category qualified for credits, because all Starke County tax rates were under \$3. Neither Starke County tax rates nor home values were high enough for a large share of homesteads to qualify for credits in the 1% category.

**2010 Circuit Breaker Credits by Cap Category
Starke County Total \$354,243**

1%	2%	3%	Elderly
\$32,299	\$319,842	\$0	\$2,102
9.1%	90.3%	0.0%	0.6%

Starke County, Knox City, and the Knox Community School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the town of North Judson lost the most, at 9%. Losses were greatest for units that overlapped the municipalities in the county, because these tax districts had the highest tax rates.

The Effects of Recession

In Starke County the recession has had a large effect on the economy. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 6.0% in December 2007 to 14.5% in July 2009. Despite job losses, local income tax revenue grew by 1.0%

Starke County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	761,659,280	769,122,600	1.0%
Other Residential	280,073,600	282,231,100	0.8%
Ag Business/Land	179,280,000	186,413,500	4.0%
Business Real/Personal	230,478,900	235,068,760	2.0%
Total	\$1,451,491,780	\$1,472,835,960	1.5%

In addition, the recession reduced new construction, so less new property was added to assessment roles. The recession also reduced some property values, which affected assessed values through annual trending. Lower assessed values may result in higher tax rates for local taxpayers. In those instances where taxpayers' bills are limited by the caps, the higher rates may result in higher circuit breaker credits, causing increased revenue losses for local governments.

In Starke County, the gross assessed value of business real and personal property increased 2.0% in 2010. Other assessment categories also increased, and total gross assessed value in Starke County rose 1.5%. This was higher than the state average increase of 0.6%.

The tables on the following pages illustrate 2007 – 2010 levy comparisons, 2010 tax rates and credit rates, and 2010 circuit breaker losses by taxing unit.

Starke County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	22,830,274	22,352,358	14,908,408	17,213,889	-2.1%	-33.3%	15.5%
State Unit	22,378	26,761	0	0	19.6%	-100.0%	
Starke County	5,398,634	4,153,738	3,353,619	3,601,565	-23.1%	-19.3%	7.4%
California Township	253,803	233,768	264,911	279,764	-7.9%	13.3%	5.6%
Center Township	69,171	63,426	34,671	53,889	-8.3%	-45.3%	55.4%
Davis Township	53,839	46,445	51,174	50,868	-13.7%	10.2%	-0.6%
Jackson Township	18,033	16,725	14,719	15,582	-7.3%	-12.0%	5.9%
North Bend Township	65,024	61,831	70,367	71,771	-4.9%	13.8%	2.0%
Oregon Township	89,703	94,656	99,274	106,217	5.5%	4.9%	7.0%
Railroad Township	88,392	84,736	90,563	98,852	-4.1%	6.9%	9.2%
Washington Township	77,050	71,822	106,462	153,371	-6.8%	48.2%	44.1%
Wayne Township	56,628	52,991	55,568	59,584	-6.4%	4.9%	7.2%
Knox Civil City	1,334,699	1,216,068	1,211,204	1,395,670	-8.9%	-0.4%	15.2%
Hamlet Civil Town	169,628	171,997	159,894	192,064	1.4%	-7.0%	20.1%
North Judson Civil Town	362,220	348,600	379,074	408,813	-3.8%	8.7%	7.8%
Culver Community School Corp	831,180	1,022,647	403,775	437,759	23.0%	-60.5%	8.4%
Oregon-Davis School Corp	2,516,628	2,525,712	1,280,426	1,948,183	0.4%	-49.3%	52.2%
North Judson-San Pierre School Corp	3,484,664	3,451,515	2,018,589	2,054,326	-1.0%	-41.5%	1.8%
Knox Community School Corp	6,672,145	7,530,063	4,093,178	4,931,910	12.9%	-45.6%	20.5%
North Judson Public Library	199,311	188,482	186,163	208,343	-5.4%	-1.2%	11.9%
Starke County Public Library	848,961	786,425	810,093	910,798	-7.4%	3.0%	12.4%
Starke County Airport Authority	218,183	203,950	224,684	234,560	-6.5%	10.2%	4.4%
Starke County Solid Waste Mgt Dist	0	0	0	0			

Starke County 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
				State Homestead	COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	LOIT Residential	
75001	California Township-NJSP Schl	1.7015	--	3.9447%	--	4.9023%	--	--	--	1.5510
75002	California Township-Knox Schl	1.8493	--	3.9447%	--	4.6524%	--	--	--	1.6903
75003	Center Township	1.7310	--	3.9447%	--	5.0044%	--	--	--	1.5761
75004	Knox City (Center)	2.8747	--	3.9447%	--	3.0154%	--	--	--	2.6746
75007	Jackson Township	1.6057	--	3.9447%	--	5.1932%	--	--	--	1.4590
75008	North Bend Township	0.9934	--	3.9447%	--	9.7378%	--	--	--	0.8575
75009	Oregon Township	1.5886	--	3.9447%	--	5.4777%	--	--	--	1.4389
75011	Railroad Township	1.7116	--	3.9447%	--	4.7963%	--	--	--	1.5620
75012	Washington Township	1.8946	--	3.9447%	--	4.5956%	--	--	--	1.7328
75013	Wayne Township	1.6595	--	3.9447%	--	5.1872%	--	--	--	1.5080
75014	North Judson Town (Wayne)	2.6744	--	3.9447%	--	3.1892%	--	--	--	2.4836
75015	Davis Township	1.6603	--	3.9447%	--	5.3637%	--	--	--	1.5058
75016	Hamlet Town-Davis Twp	2.6107	--	3.9447%	--	3.3734%	--	--	--	2.4196
75017	Hamlet Town-Oregon Twp	2.6105	--	3.9447%	--	3.0709%	--	--	--	2.4274

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 *State Homestead Credit* is the HEA1001-2008 special rate, which will be eliminated after 2010.

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.

Starke County 2010 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>	32,299	319,593	0	2,102	353,994	17,213,889	2.1%
<i>TIF Total</i>	0	249	0	0	249	79,840	0.3%
<i>County Total</i>	32,299	319,842	0	2,102	354,243	17,293,729	2.0%
Starke County	4,442	44,036	0	384	48,862	3,601,565	1.4%
California Township	26	0	0	23	48	279,764	0.0%
Center Township	56	511	0	12	580	53,889	1.1%
Davis Township	1	160	0	0	161	50,868	0.3%
Jackson Township	0	0	0	0	0	15,582	0.0%
North Bend Township	0	0	0	0	0	71,771	0.0%
Oregon Township	2	49	0	20	71	106,217	0.1%
Railroad Township	0	0	0	6	7	98,852	0.0%
Washington Township	1	0	0	3	4	153,371	0.0%
Wayne Township	78	762	0	1	840	59,584	1.4%
Knox Civil City	9,564	86,874	0	385	96,823	1,395,670	6.9%
Hamlet Civil Town	122	10,321	0	0	10,444	192,064	5.4%
North Judson Civil Town	3,392	33,344	0	34	36,770	408,813	9.0%
Culver Community School Corp	0	0	0	0	0	437,759	0.0%
Oregon-Davis School Corp	113	9,560	0	270	9,944	1,948,183	0.5%
North Judson-San Pierre School Corp	3,245	31,880	0	67	35,192	2,054,326	1.7%
Knox Community School Corp	9,471	84,413	0	760	94,644	4,931,910	1.9%
North Judson Public Library	570	5,600	0	6	6,175	208,343	3.0%
Starke County Public Library	926	9,214	0	107	10,248	910,798	1.1%
Starke County Airport Authority	289	2,868	0	25	3,182	234,560	1.4%
Starke County Solid Waste Mgt Dist	0	0	0	0	0	0	
TIF - Knox TIF	0	249	0	0	249	78,317	0.3%
TIF - Sysco TIF	0	0	0	0	0	1,523	0.0%

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.