

2010 Property Tax Report

Union County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Union 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 Union 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 Union 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	814	44.5%	73	4.0%
No Change	44	2.4%	8	0.4%
Lower Tax Bill	973	53.1%	1,750	95.6%
Average Change in Tax Bill	-4.1%		-23.8%	
Detailed Change in Tax Bill				
20% or More	57	3.1%	38	2.1%
10% to 19%	59	3.2%	16	0.9%
1% to 9%	698	38.1%	19	1.0%
0%	44	2.4%	8	0.4%
-1% to -9%	819	44.7%	98	5.4%
-10% to -19%	81	4.4%	379	20.7%
-20% to -29%	31	1.7%	723	39.5%
-30% to -39%	16	0.9%	267	14.6%
-40% to -49%	8	0.4%	131	7.2%
-50% to -59%	4	0.2%	31	1.7%
-60% to -69%	3	0.2%	31	1.7%
-70% to -79%	4	0.2%	30	1.6%
-80% to -89%	0	0.0%	15	0.8%
-90% to -99%	1	0.1%	10	0.5%
-100%	6	0.3%	35	1.9%
Total	1,831	100.0%	1,831	100.0%

The average homeowner saw a 4.1% tax bill decrease from 2009 to 2010.

95.6% of homeowners saw lower tax bills in 2010 than in 2007.

Homestead taxes in 2010 were still 23.8% lower than they were in 2007, before the property tax reforms.

85.2% of homeowners saw tax changes ranging between +9% and -9% from 2009 to 2010.

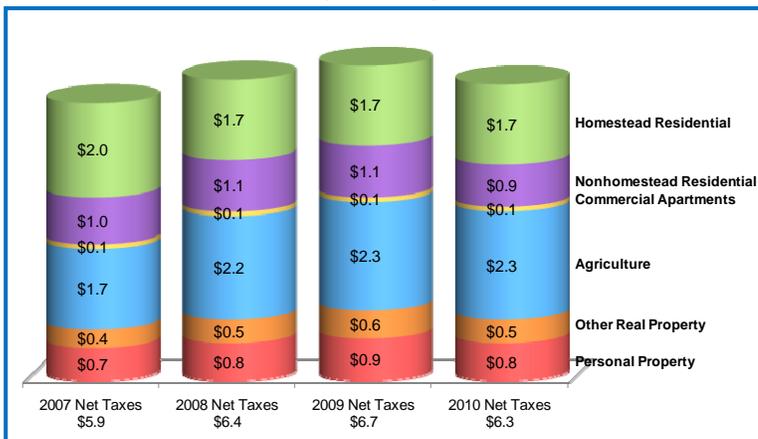
The largest percentage of homeowners have seen between a 10% and 29% decrease in their tax bills from 2007 to 2010.

Note: Percentages may not total due to rounding.

Union County Overview

The decline in homeowner tax bills was larger than the state average decline of 2.1%, mainly because local government levies declined. Property tax levies decreased 2.0% in Union County in 2010, compared to the state average increase of 2.4%. The largest decline was in the Union County School Corporation's debt service funds. Union County homeowners benefitted somewhat less from the one percent property tax cap than did homeowners in the average county, primarily because Union County home values tend to be lower than the state average. Union County does not provide local homestead credits.

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



Net tax bills for all taxpayers decreased 4.7% in Union County from 2009 to 2010. This was greater than the statewide reduction of 1.4%. In 2010 apartment owners saw an 11.4% decrease in tax bills. This large decrease was due mainly to the tightening of the tax caps from 2.5% to 2% for rental housing. The tightening of the tax caps also affected nonhomestead residential property (mostly small rental residences), which saw a 13.4% decrease in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw a 7.7% and 7.6% decrease, respectively, in tax bills in 2010. This was partly because of a decline in assessed value and because of the tightening of the tax caps from 3.5% to 3%.

Despite the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre, agricultural business property saw only a 0.4% increase in tax payments in 2010 because total agricultural assessments grew by only 1.3% and there was a slight decrease in most district tax rates.

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 Union County in 2010 amounted to 5.3% of the total property tax levy. The statewide average was 6.3%. The slightly smaller percentage loss in the county was partly due to lower homestead circuit breakers caused by lower-than-average home values in Union County. Thirty-six percent of the assessed value of residential property subject to the 2% cap is located where tax rates exceed \$2. This property received circuit breaker credits. Twenty-five percent of the assessed value of business property subject to the 3% cap is located where tax rates exceed \$3. This property also received circuit breaker credits. Union County home values were not high enough for a large share of homesteads to qualify for credits in the 1% category.

**2010 Circuit Breaker Credits by Cap Category
Union County Total \$353,189**

1%	2%	3%	Elderly
\$53,562	\$233,179	\$65,590	\$858
15.2%	66.0%	18.6%	0.2%

Union County, the town of Liberty, and the Union County School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the town of Liberty lost the most, at 22.3%. Losses were greatest for units that overlapped the town of Liberty, because its tax district had the highest tax rate.

The Effects of Recession

In Union County the recession has affected the economy, though less than in most Indiana counties. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 5.1% in December 2007 to 9.9% in July 2009. Job losses and income declines contributed to a 4.2% drop in local income tax revenue. Because part of this revenue is used for property tax levy relief, property tax levies were nudged up by the income loss.

Union County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	229,513,810	223,006,510	-2.8%
Other Residential	45,438,800	45,435,700	0.0%
Ag Business/Land	112,125,500	113,503,200	1.2%
Business Real/Personal	71,273,005	67,577,570	-5.2%
Total	\$458,351,115	\$449,522,980	-1.9%

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 Union County, the gross assessed value of business real and personal property decreased 5.2% in 2010. Agricultural business AV grew by 1.2%, homestead AV declined by 2.8% and other residential AV experienced no significant change. Total gross assessed value in Union County decreased 1.9%. This was lower 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.

Union County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	7,908,601	9,057,896	6,827,796	6,691,291	14.5%	-24.6%	-2.0%
State Unit	7,842	8,431	0	0	7.5%	-100.0%	
Union County	2,080,729	1,871,357	1,520,665	1,579,887	-10.1%	-18.7%	3.9%
Brownsville Township	13,613	14,801	15,621	16,196	8.7%	5.5%	3.7%
Center Township	22,880	24,142	25,570	26,480	5.5%	5.9%	3.6%
Harmony Township	16,145	16,111	17,917	18,806	-0.2%	11.2%	5.0%
Harrison Township	15,375	16,074	16,865	17,447	4.5%	4.9%	3.5%
Liberty Township	17,991	18,830	19,236	21,153	4.7%	2.2%	10.0%
Union Township	12,991	13,885	14,595	15,146	6.9%	5.1%	3.8%
Liberty Civil Town	514,116	559,885	575,420	606,383	8.9%	2.8%	5.4%
West College Corner Civil Town	62,276	75,818	76,796	80,677	21.7%	1.3%	5.1%
Union County School Corp	4,789,795	6,051,433	4,151,733	3,902,337	26.3%	-31.4%	-6.0%
Union County Public Library	354,848	387,129	393,378	406,779	9.1%	1.6%	3.4%
W. U. R. Solid Waste Mgt Dist	0	0	0	0			

Union 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	
81001	Brownsville Township	1.9828	--	4.6011%	--	--	--	--	--	1.8916
81002	Center Township	1.9715	--	4.6011%	--	--	--	--	--	1.8808
81003	Liberty Town	3.4515	--	4.6011%	--	--	--	--	--	3.2927
81004	Harmony Township	1.9857	--	4.6011%	--	--	--	--	--	1.8943
81005	Harrison Township	1.9782	--	4.6011%	--	--	--	--	--	1.8872
81006	Liberty Township	1.9900	--	4.6011%	--	--	--	--	--	1.8984
81007	Union Township	1.9611	--	4.6011%	--	--	--	--	--	1.8709
81008	West College Corner Town	2.6619	--	4.6011%	--	--	--	--	--	2.5394

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.

Union 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>	53,562	233,179	65,590	858	353,189	6,691,291	5.3%
<i>TIF Total</i>	0	0	0	0	0	0	
<i>County Total</i>	53,562	233,179	65,590	858	353,189	6,691,291	5.3%
Union County	8,711	36,700	9,853	147	55,411	1,579,887	3.5%
Brownsville Township	21	0	0	0	21	16,196	0.1%
Center Township	87	363	122	1	573	26,480	2.2%
Harmony Township	22	0	0	0	22	18,806	0.1%
Harrison Township	16	0	0	1	17	17,447	0.1%
Liberty Township	6	0	0	3	10	21,153	0.0%
Union Township	47	166	0	0	213	15,146	1.4%
Liberty Civil Town	20,611	85,750	28,741	302	135,404	606,383	22.3%
West College Corner Civil Town	282	10,103	0	0	10,385	80,677	12.9%
Union County School Corp	21,516	90,649	24,338	364	136,866	3,902,337	3.5%
Union County Public Library	2,243	9,449	2,537	38	14,267	406,779	3.5%
W. U. R. Solid Waste Mgt Dist	0	0	0	0	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.