

2010 Property Tax Report

Vanderburgh County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Vanderburgh 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 Vanderburgh 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 Vanderburgh 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 | 19,936 | 47.0% | 1,654 | 3.9% |
| No Change | 1,353 | 3.2% | 337 | 0.8% |
| Lower Tax Bill | 21,148 | 49.8% | 40,446 | 95.3% |
| Average Change in Tax Bill | -1.6% | | -30.2% | |
| Detailed Change in Tax Bill | | | | |
| 20% or More | 1,335 | 3.1% | 821 | 1.9% |
| 10% to 19% | 1,472 | 3.5% | 296 | 0.7% |
| 1% to 9% | 17,129 | 40.4% | 537 | 1.3% |
| 0% | 1,353 | 3.2% | 337 | 0.8% |
| -1% to -9% | 15,000 | 35.3% | 1,379 | 3.2% |
| -10% to -19% | 3,986 | 9.4% | 3,184 | 7.5% |
| -20% to -29% | 1,024 | 2.4% | 12,141 | 28.6% |
| -30% to -39% | 409 | 1.0% | 11,047 | 26.0% |
| -40% to -49% | 204 | 0.5% | 6,951 | 16.4% |
| -50% to -59% | 140 | 0.3% | 1,917 | 4.5% |
| -60% to -69% | 74 | 0.2% | 967 | 2.3% |
| -70% to -79% | 62 | 0.1% | 784 | 1.8% |
| -80% to -89% | 38 | 0.1% | 572 | 1.3% |
| -90% to -99% | 29 | 0.1% | 356 | 0.8% |
| -100% | 182 | 0.4% | 1,148 | 2.7% |
| Total | 42,437 | 100.0% | 42,437 | 100.0% |

Note: Percentages may not total due to rounding.

The average homeowner saw a 1.6% tax bill decrease from 2009 to 2010.

95.3% of homeowners saw lower tax bills in 2010 than in 2007.

Homestead taxes in 2010 were still 30.2% lower than they were in 2007, before the property tax reforms.

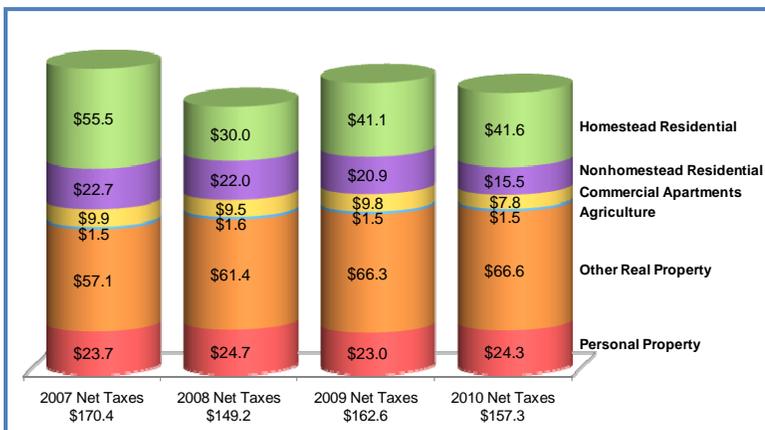
78.9% of homeowners saw tax changes ranging between +9% and -9% from 2009 to 2010.

The largest percentage of homeowners have seen between a 20% and 39% decrease in their tax bills from 2007 to 2010.

Vanderburgh County Overview

The decline in homeowner tax bills was similar to the state average of 2.1%. Property tax levies increased 2.0% in Vanderburgh County in 2010, near the state average increase of 2.4%. Increases in the in the county general fund levy and Evansville general and park fund levies were partly offset by decreases in the county cumulative airport building levy, the city redevelopment bond levy, and the Evansville-Vanderburgh School Corporation debt service and capital projects levies. Vanderburgh County homeowners benefitted somewhat less from the one percent property tax cap than did homeowners in the average county, primarily because Vanderburgh tax rates tend to be lower than the state average.

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



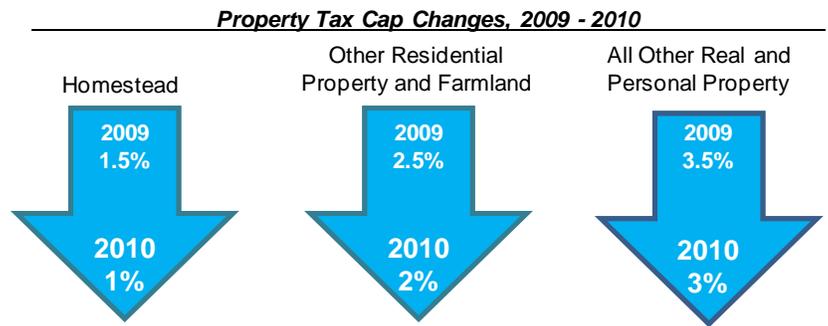
Net tax bills for all taxpayers decreased 3.1% in Vanderburgh County from 2009 to 2010. This was greater than the statewide reduction of 1.4%. In 2010 apartment owners saw a 20.3% decrease in tax bills. This large decrease was due mainly to the tightening of the tax caps from 2.5% to 2% for rental housing. The tightening of the tax caps also affected nonhomestead residential property (mostly small rental residences), which saw a 25.5% decrease in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw a 0.5% and 5.6% increase, respectively, in tax bills in 2010. These changes in tax bills were mainly due to changes in assessed value. After deductions and exemptions, business real property net assessed value grew by

1.9%, while personal property net assessed value grew by 4.9%. Commercial and industrial property did not benefit from the tightened tax caps, because Vanderburgh County's tax rates were not high enough for this type of property to qualify for tax cap credits. Agricultural business property saw a 2.1% increase in tax payments in 2010 because of the Vanderburgh 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 Vanderburgh County in 2010 amounted to 3.7% 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 Vanderburgh County. Most residential property located in Evansville that was subject to the 2% cap received credits because the tax rate was over \$2 in the entire city except for the newly annexed areas. No commercial or industrial properties in the 3% tax cap category qualified for credits, because all Vanderburgh County tax rates were under \$3. Vanderburgh County tax rates 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
Vanderburgh County Total \$6,239,348**

| Cap Category | Amount | Percentage |
|--------------|-------------|------------|
| 1% | \$988,880 | 15.9% |
| 2% | \$5,227,679 | 83.8% |
| 3% | \$0 | 0.0% |
| Elderly | \$22,789 | 0.4% |

Vanderburgh County, Evansville City, and the Evansville-Vanderburgh School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of their total levies, Evansville City and Pigeon Township lost the most, at 4.9% and 4.8%, respectively. Losses were greatest for units that overlapped Evansville City, because its tax districts had the highest tax rates.

The Effects of Recession

In Vanderburgh 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 4.4% in December 2007 to 8.1% in July 2009. Job losses and income declines contributed to a 2.1% drop in local income tax revenue.

Vanderburgh County Gross Assessed Value by Property Type

| Property Type | Gross AV 2009 | Gross AV 2010 | Gross AV Change |
|------------------------|-------------------------|-------------------------|-----------------|
| Homesteads | 6,170,812,440 | 6,138,811,600 | -0.5% |
| Other Residential | 1,093,191,400 | 1,051,531,800 | -3.8% |
| Ag Business/Land | 96,164,700 | 96,929,110 | 0.8% |
| Business Real/Personal | 5,221,276,260 | 5,311,083,815 | 1.7% |
| Total | \$12,581,444,800 | \$12,598,356,325 | 0.1% |

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 Vanderburgh County, the gross assessed value of business real and personal property increased 1.7% in 2010. Most other assessment categories decreased, and total gross assessed value in Vanderburgh County rose 0.1%. 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.

Vanderburgh County Levy Comparison by Taxing Unit

| Taxing Unit | 2007 | 2008 | 2009 | 2010 | % Change | | |
|--|-------------|-------------|-------------|-------------|-----------|-----------|-----------|
| | | | | | 2007-2008 | 2008-2009 | 2009-2010 |
| <i>County Total</i> | 224,338,903 | 222,695,334 | 152,738,507 | 155,863,770 | -0.7% | -31.4% | 2.0% |
| State Unit | 195,594 | 197,032 | 0 | 0 | 0.7% | -100.0% | |
| Vanderburgh County | 54,359,053 | 52,905,397 | 42,607,632 | 42,705,187 | -2.7% | -19.5% | 0.2% |
| Armstrong Township | 59,207 | 61,381 | 63,803 | 65,774 | 3.7% | 3.9% | 3.1% |
| Center Township | 809,835 | 884,913 | 782,916 | 819,895 | 9.3% | -11.5% | 4.7% |
| German Township | 167,766 | 171,809 | 237,987 | 167,365 | 2.4% | 38.5% | -29.7% |
| Perry Township | 385,005 | 394,865 | 390,729 | 399,338 | 2.6% | -1.0% | 2.2% |
| Knight Township | 496,128 | 440,559 | 478,717 | 451,055 | -11.2% | 8.7% | -5.8% |
| Pigeon Township | 1,000,677 | 1,099,177 | 1,144,035 | 828,956 | 9.8% | 4.1% | -27.5% |
| Scott Township | 554,322 | 512,901 | 548,685 | 752,424 | -7.5% | 7.0% | 37.1% |
| Union Township | 27,887 | 29,389 | 59,508 | 58,934 | 5.4% | 102.5% | -1.0% |
| Evansville Civil City | 57,059,298 | 57,444,952 | 53,900,854 | 57,565,622 | 0.7% | -6.2% | 6.8% |
| Darmstadt Civil Town | 90,474 | 94,858 | 129,525 | 134,886 | 4.8% | 36.5% | 4.1% |
| Evansville-Vanderburgh School Corp | 96,868,244 | 95,971,175 | 38,977,305 | 38,419,976 | -0.9% | -59.4% | -1.4% |
| Evansville-Vanderburgh County Public Library | 10,855,502 | 11,066,651 | 11,549,090 | 11,817,212 | 1.9% | 4.4% | 2.3% |
| Vanderburgh County Solid Waste Mgt Dist | 0 | 0 | 0 | 0 | | | |
| Evansville Levee Authority | 1,409,911 | 1,420,275 | 1,867,721 | 1,677,146 | 0.7% | 31.5% | -10.2% |

Vanderburgh 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 | |
| 82017 | Armstrong Township | 1.5557 | -- | 3.9279% | 6.8008% | -- | -- | -- | -- | 1.3888 |
| 82018 | Darmstadt Town-Armstrong Twp | 1.6785 | -- | 3.9279% | 7.1112% | -- | -- | -- | -- | 1.4932 |
| 82019 | Center Township | 1.5431 | -- | 3.9279% | 6.8656% | -- | -- | -- | -- | 1.3765 |
| 82020 | Evansville City-Center Township | 2.5537 | -- | 3.9279% | 8.3626% | -- | -- | -- | -- | 2.2398 |
| 82021 | Darmstadt Town Center Township | 1.7011 | -- | 3.9279% | 7.0851% | -- | -- | -- | -- | 1.5138 |
| 82022 | German Township | 1.5384 | -- | 3.9279% | 6.9303% | -- | -- | -- | -- | 1.3714 |
| 82023 | Darmstadt Town-German Township | 1.6899 | -- | 3.9279% | 7.0989% | -- | -- | -- | -- | 1.5036 |
| 82024 | Perry Township | 1.5453 | -- | 3.9279% | 7.0059% | -- | -- | -- | -- | 1.3763 |
| 82025 | Evansville City-Perry Township | 2.5546 | -- | 3.9279% | 8.4105% | -- | -- | -- | -- | 2.2394 |
| 82026 | Knight Township | 1.5514 | -- | 3.9279% | 6.8676% | -- | -- | -- | -- | 1.3839 |
| 82027 | Evansville City-Knight Township | 2.5439 | -- | 3.9279% | 8.3804% | -- | -- | -- | -- | 2.2308 |
| 82028 | Pigeon Township | 1.7397 | -- | 3.9279% | 7.5502% | -- | -- | -- | -- | 1.5400 |
| 82029 | Evansville City-Pigeon Township | 2.5991 | -- | 3.9279% | 8.4554% | -- | -- | -- | -- | 2.2772 |
| 82030 | Scott Township | 1.6385 | -- | 3.9279% | 6.6424% | -- | -- | -- | -- | 1.4653 |
| 82031 | Darmstadt Town-Scott Township | 1.6933 | -- | 3.9279% | 7.0508% | -- | -- | -- | -- | 1.5074 |
| 82032 | Union Township - Real | 1.6206 | -- | 3.9279% | 6.5268% | -- | -- | -- | -- | 1.4512 |
| 82033 | Union Township - Personal | 1.7456 | -- | 3.9279% | -- | -- | -- | -- | -- | 1.6770 |
| 82034 | Evansville City - Knight Twp Phase In Annexation | 1.7493 | -- | 3.9279% | 8.3804% | -- | -- | -- | -- | 1.5340 |
| 82035 | Evansville City - Pigeon Twp Phase In Annexation | 1.8045 | -- | 3.9279% | 8.4559% | -- | -- | -- | -- | 1.5810 |
| 82036 | Evansville City - Knight Twp (TIF Memo Only) | 1.0593 | -- | 3.9279% | 10.3918% | -- | -- | -- | -- | 0.9076 |

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.

Vanderburgh 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> | 979,694 | 5,181,257 | 0 | 22,789 | 6,183,741 | 156,754,973 | 3.9% |
| <i>TIF Total</i> | 9,185 | 46,422 | 0 | 0 | 55,607 | 13,735,383 | 0.4% |
| <i>County Total</i> | 988,880 | 5,227,679 | 0 | 22,789 | 6,239,348 | 170,490,356 | 3.7% |
| Vanderburgh County | 234,195 | 1,227,287 | 0 | 6,073 | 1,467,554 | 42,705,187 | 3.4% |
| Armstrong Township | 0 | 0 | 0 | 22 | 22 | 65,774 | 0.0% |
| Center Township | 1,616 | 4,856 | 0 | 85 | 6,557 | 819,895 | 0.8% |
| German Township | 49 | 0 | 0 | 15 | 64 | 167,365 | 0.0% |
| Perry Township | 181 | 4,198 | 0 | 40 | 4,418 | 399,338 | 1.1% |
| Knight Township | 3,792 | 13,618 | 0 | 104 | 17,514 | 451,055 | 3.9% |
| Pigeon Township | 1,088 | 38,451 | 0 | 109 | 39,648 | 828,956 | 4.8% |
| Scott Township | 0 | 0 | 0 | 39 | 39 | 752,424 | 0.0% |
| Union Township | 0 | 0 | 0 | 0 | 0 | 58,934 | 0.0% |
| Evansville Civil City | 448,322 | 2,370,623 | 0 | 8,773 | 2,827,718 | 57,565,622 | 4.9% |
| Darmstadt Civil Town | 0 | 0 | 0 | 14 | 14 | 134,886 | 0.0% |
| Evansville-Vanderburgh School Corp | 211,326 | 1,107,532 | 0 | 5,468 | 1,324,325 | 38,419,976 | 3.4% |
| Evansville-Vanderburgh County Public Library | 64,999 | 340,654 | 0 | 1,682 | 407,336 | 11,817,212 | 3.4% |
| Vanderburgh County Solid Waste Mgt Dist | 0 | 0 | 0 | 0 | 0 | 0 | |
| Evansville Levee Authority | 9,225 | 48,347 | 0 | 239 | 57,811 | 1,677,146 | 3.4% |
| Evansville-Vanderburgh Airport Authority | 4,902 | 25,691 | 0 | 127 | 30,719 | 891,203 | 3.4% |
| TIF - Center Township | 234 | 0 | 0 | 0 | 234 | 15,088 | 1.5% |
| TIF - Evansville City Center Township | 0 | 0 | 0 | 0 | 0 | 0 | |
| TIF - German Township | 0 | 0 | 0 | 0 | 0 | 776 | 0.0% |
| TIF - Perry Township | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| TIF - Knight Township | 0 | 0 | 0 | 0 | 0 | 1,621,999 | 0.0% |
| TIF - Evansville City Knight Township | 0 | 0 | 0 | 0 | 0 | 0 | |
| TIF - Evansville City Pigeon Township | 8,951 | 46,422 | 0 | 0 | 55,373 | 7,303,015 | 0.8% |
| TIF - Scott Township | 0 | 0 | 0 | 0 | 0 | 668,440 | 0.0% |
| TIF - Evansville City Knight Twp Phase In Annexation | 0 | 0 | 0 | 0 | 0 | 4,126,064 | 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.