

# 2009 WABASH COUNTY PROPERTY TAX REPORT

## WITH COMPARISONS TO 2007 AND 2008

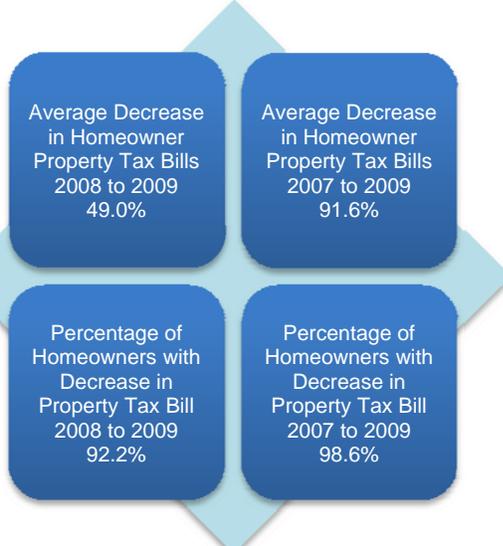


Legislative Services Agency

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 Wabash 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	145	1.7%	51	0.6%
10% to 19%	32	0.4%	5	0.1%
1% to 9%	186	2.2%	3	0.0%
0%	313	3.6%	64	0.7%
-1% to -9%	379	4.4%	4	0.0%
-10% to -19%	349	4.0%	5	0.1%
-20% to -29%	748	8.6%	14	0.2%
-30% to -39%	820	9.5%	27	0.3%
-40% to -49%	677	7.8%	80	0.9%
-50% to -59%	464	5.4%	175	2.0%
-60% to -69%	398	4.6%	355	4.1%
-70% to -79%	363	4.2%	622	7.2%
-80% to -89%	480	5.5%	1,047	12.1%
-90% to -99%	243	2.8%	2,918	33.7%
-100%	3054	35.3%	3281	37.9%
<b>Total</b>	<b>8,651</b>	<b>100.0%</b>	<b>8,651</b>	<b>100.0%</b>
Higher Tax Bill	363	4.2%	59	0.7%
No Change	313	3.6%	64	0.7%
Lower Tax Bill	7,975	92.2%	8,528	98.6%
<b>Average Change in Tax Bill</b>	<b>-49.0%</b>		<b>-91.6%</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	Wabash County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-14.0%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-35.3%	-30.6%
State PTRC Percentage, 2008	25.2%	20.1%
Total State Homestead Credit, 2008	46.4%	39.5%
Total State Homestead Credit, 2009	13.6%	7.2%
Did County Adopt a LOIT in 2008 or 2009?	Yes	

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. Average homeowner tax bills in Wabash County decreased by 49.0%. Wabash saw a larger-than-average decrease in its gross levy in 2009, because Wabash County local taxing units decreased their tax levies and because the school general fund and county welfare funds were a larger than average share of the levy in 2008. This resulted in a larger-than-average reduction in tax rates. In addition, the county adopted a local option income tax for property tax relief in 2008, and it continued to reduce homeowner tax bills in 2009. All these factors contributed to a very large reduction in homeowner tax bills. No Wabash County homeowners were eligible for the circuit breaker tax cap credits.

## 2009 Property Tax Changes:

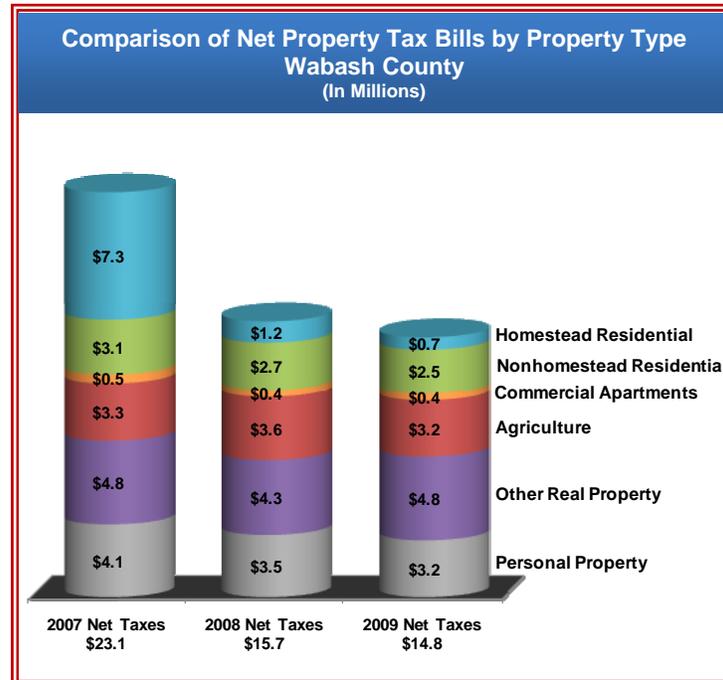
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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.

Homeowner taxes were substantially lower in 2009 compared to 2007 in Wabash County, as they were in most Indiana counties.



In Wabash County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw a 9.5% decline in average property tax bills. Tax bills on commercial apartments increased 8.1%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw an 10.6% average tax decrease. Other commercial, industrial, and utility real property average tax bills increased 10.1%. Personal property, which is largely business equipment, saw an 8.8% decrease in average tax bills.

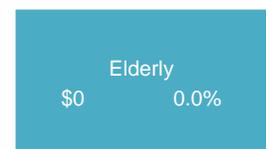
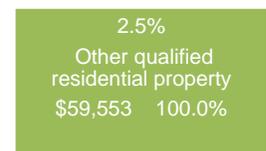
**Circuit Breaker Tax Caps.** Property tax caps limit taxpayers' tax bills to a fixed percentage of their property's assessed value before deductions. Tax bills that exceed the caps are reduced by a tax credit. The cap rates were 1.5% for homesteads, 2.5% for other residential property and farmland, 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 Wabash County \$59,553

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



### Wabash 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>\$34,687,235</b>	<b>\$34,850,276</b>	<b>\$22,534,547</b>	<b>0.5%</b>	<b>-35.3%</b>	<b>-0.6%</b>
State Unit	31,077	31,803	0	2.3%	-100.0%	
Wabash County	6,482,195	6,478,421	4,203,535	-0.1%	-35.1%	-2.3%
Chester Township	240,304	238,158	239,761	-0.9%	0.7%	0.7%
Lagro Township	113,639	118,307	113,627	4.1%	-4.0%	-4.0%
Liberty Township	60,165	60,919	59,635	1.3%	-2.1%	-2.1%
Noble Township	199,781	198,260	201,142	-0.8%	1.5%	1.5%
Paw Paw Township	56,486	55,750	54,567	-1.3%	-2.1%	-2.1%
Pleasant Township	128,732	112,874	146,103	-12.3%	29.4%	29.4%
Waltz Township	17,531	17,538	17,636	0.0%	0.6%	0.6%
Wabash Civil City	5,822,783	5,798,394	5,429,783	-0.4%	-6.4%	4.9%
North Manchester Civil Town	1,513,877	1,435,115	1,516,664	-5.2%	5.7%	5.7%
Lafontaine Civil Town	142,369	137,547	139,263	-3.4%	1.2%	1.2%
Lagro Civil Town	56,495	62,011	62,228	9.8%	0.3%	0.3%
Roann Civil Town	71,006	77,277	76,258	8.8%	-1.3%	-1.3%
Manchester Community School Corporation	5,919,925	6,290,503	3,342,548	6.3%	-46.9%	-6.9%
M.S.D. Wabash County School Corporation	8,535,964	8,627,119	4,082,718	1.1%	-52.7%	-3.0%
Wabash City School Corporation	4,368,738	4,172,598	1,928,967	-4.5%	-53.8%	-0.7%
North Manchester Public Library	202,776	200,793	199,113	-1.0%	-0.8%	-0.8%
Roann Public Library	32,448	32,253	31,976	-0.6%	-0.9%	-0.9%
Wabash Public Library	690,944	704,636	689,023	2.0%	-2.2%	-2.2%
Wabash County Solid Waste Mgt 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.

### Wabash 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
Chester Township	115.6	105.6	-8.7%	2,712,902	1,683,777	-37.9%	2.3466	1.5948	24.60%	40.22%	13.64%	56.59%	99.11%
North Manchester Town	150.1	122.4	-18.5%	4,936,241	3,487,347	-29.4%	3.2893	2.8496	22.55%	45.62%	13.64%	56.59%	99.11%
Lagro Township	130.6	111.6	-14.6%	2,411,223	1,288,763	-46.6%	1.8463	1.1552	27.91%	43.86%	13.64%	56.59%	99.11%
Lagro Town	6.3	4.9	-22.4%	175,214	115,963	-33.8%	2.7775	2.3683	24.95%	50.56%	13.64%	56.59%	99.11%
Liberty Township	74.6	64.6	-13.4%	1,367,449	737,776	-46.0%	1.8341	1.1421	27.97%	43.71%	13.64%	56.59%	99.11%
Lafontaine Town	16.3	12.4	-23.8%	427,232	273,452	-36.0%	2.6265	2.2055	25.02%	49.06%	13.64%	56.59%	99.11%
Noble Township	184.3	154.1	-16.4%	3,370,744	1,757,764	-47.9%	1.8290	1.1408	28.06%	43.85%	13.64%	56.59%	99.11%
Wabash City-Wabash Co. Schools	123.6	122.1	-1.2%	4,235,114	3,470,912	-18.0%	3.4273	2.8424	23.28%	51.35%	13.64%	56.59%	99.11%
Wabash City-Wabash City Schools	269.9	224.1	-16.9%	10,004,577	6,761,348	-32.4%	3.7073	3.0166	24.57%	50.76%	13.64%	56.59%	99.11%
Paw Paw Township	70.0	62.1	-11.4%	1,312,112	735,974	-43.9%	1.8737	1.1860	27.79%	44.19%	13.64%	56.59%	99.11%
Roann Town	8.3	5.8	-29.3%	228,975	143,178	-37.5%	2.7740	2.4547	24.80%	50.08%	13.64%	56.59%	99.11%
Pleasant Township	108.2	92.9	-14.2%	2,465,142	1,456,282	-40.9%	2.2780	1.5679	24.68%	39.28%	13.64%	56.59%	99.11%
Waltz Township	67.5	57.3	-15.1%	1,203,057	621,806	-48.3%	1.7835	1.0860	28.43%	43.72%	13.64%	56.59%	99.11%
<b>County Totals/Averages</b>	<b>1,325.1</b>	<b>1,139.8</b>	<b>-14.0%</b>	<b>34,849,981</b>	<b>22,534,343</b>	<b>-35.3%</b>	<b>2.6300</b>	<b>1.9771</b>	<b>25.17%</b>	<b>46.42%</b>	<b>13.64%</b>	<b>56.59%</b>	<b>99.11%</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.

## Wabash County 2009 Circuit Breaker Cap Credits

Taxing Unit	Total Levy	Circuit Breaker Credits by Property Type				
		(1.5%) Homesteads	(2.5%) Other Residential/ Farmland	(3.5%) All Other Real/Personal	Elderly	Total
Wabash County	4,203,535	0	7,280	0	0	7,280
Chester Township	239,761	0	0	0	0	0
Lagro Township	113,627	0	0	0	0	0
Liberty Township	59,635	0	0	0	0	0
Noble Township	201,142	0	394	0	0	394
Paw Paw Township	54,567	0	0	0	0	0
Pleasant Township	146,103	0	0	0	0	0
Waltz Township	17,636	0	0	0	0	0
Wabash Civil City	5,429,783	0	30,960	0	0	30,960
North Manchester Civil Town	1,516,664	0	0	0	0	0
La Fontaine Civil Town	139,263	0	0	0	0	0
Lagro Civil Town	62,228	0	0	0	0	0
Roann Civil Town	76,258	0	0	0	0	0
Manchester Community School Corporation	3,342,548	0	0	0	0	0
M.S.D. Wabash County School Corporation	4,082,718	0	0	0	0	0
Wabash City School Corporation	1,928,967	0	16,990	0	0	16,990
North Manchester Public Library	199,113	0	0	0	0	0
Roann Public Library	31,976	0	0	0	0	0
Wabash Public Library	689,023	0	3,928	0	0	3,928
Wabash County Solid Waste Management District	0	0	0	0	0	0
<b>Total - All Taxing Units</b>	<b>22,534,547</b>	<b>0</b>	<b>59,553</b>	<b>0</b>	<b>0</b>	<b>59,553</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.