

2010 Property Tax Report

Wabash County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Wabash 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 Wabash 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 Wabash 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	4,426	50.6%	45	0.5%
No Change	3,634	41.6%	62	0.7%
Lower Tax Bill	680	7.8%	8,633	98.8%
Average Change in Tax Bill	83.9%		-81.7%	
Detailed Change in Tax Bill				
20% or More	3,914	44.8%	36	0.4%
10% to 19%	320	3.7%	3	0.0%
1% to 9%	192	2.2%	6	0.1%
0%	3,634	41.6%	62	0.7%
-1% to -9%	466	5.3%	5	0.1%
-10% to -19%	39	0.4%	6	0.1%
-20% to -29%	71	0.8%	12	0.1%
-30% to -39%	18	0.2%	23	0.3%
-40% to -49%	14	0.2%	101	1.2%
-50% to -59%	9	0.1%	269	3.1%
-60% to -69%	11	0.1%	601	6.9%
-70% to -79%	10	0.1%	1,201	13.7%
-80% to -89%	2	0.0%	3,893	44.5%
-90% to -99%	3	0.0%	1,384	15.8%
-100%	37	0.4%	1,138	13.0%
Total	8,740	100.0%	8,740	100.0%

Note: Percentages may not total due to rounding.

The average homeowner saw an 83.9% tax bill increase from 2009 to 2010.

Homestead taxes in 2010 were still 81.7% lower than they were in 2007, before the property tax reforms.

98.8% of homeowners saw lower tax bills in 2010 than in 2007.

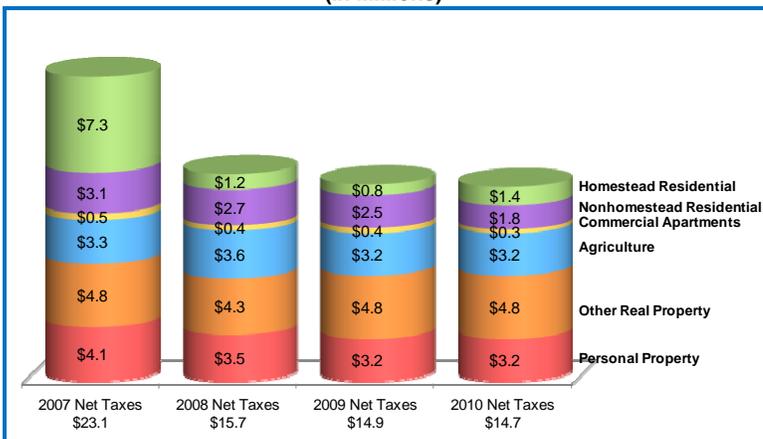
92.3% of homeowners saw no tax increase or tax increases of 1% or more from 2009 to 2010.

The largest percentage of homeowners have seen between an 80% and 99% decrease in their tax bills from 2007 to 2010.

Wabash County Overview

The much larger-than-average increase in homeowner tax bills was mainly due to changes in the distribution of local property tax credits. The local homestead credit was reduced and a new residential credit adopted. Wabash County homeowner taxes are low, because of the large local credits funded by local income tax revenues. Even small increases in homeowner taxes will produce large percentage increases. Wabash County homeowners did not benefit from the one percent property tax cap because the local homestead credits keep homeowner taxes so low. Property tax levies increased 0.2% in Wabash County in 2010, less than the state average increase of 2.4%. Levies increased for the Manchester School Corporation debt service and bus replacement funds and the Wabash County School Corporation transportation and bus replacement funds. These increases were offset by levy decreases for the Wabash City School Corporation capital projects fund and the Wabash Library debt service fund.

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



Net tax bills for all taxpayers decreased 1.4% in Wabash County from 2009 to 2010. This was the same as the statewide reduction of 1.4%. In 2010 apartment owners saw a 32.5% decrease in tax bills. This large decrease was due mainly to the new LOIT-funded credit for residential property. The new credit also affected nonhomestead residential property (mostly small rental residences), which saw a 28.2% decrease in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and

equipment, saw a 0.1% and 0.3% decrease, respectively, in tax bills in 2010. Increases in assessed valuation were offset by an increase in the county's LOIT-funded property tax replacement credit. Commercial and industrial property did not benefit from the tightened tax caps, because Wabash County's tax rates were not high enough for this type of property to qualify for tax cap credits. Despite the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre, agricultural business property saw only a 0.5% increase in tax payments in 2010, mainly because of the increase in the county's LOIT-funded property tax replacement credit.

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 Wabash County in 2010 amounted to 0.3% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was mostly due to the county's large property tax credits, funded by local option income taxes. Net tax rates, after considering LOIT-funded credits, were too low for most properties to qualify for circuit breaker credits. No properties qualified for credits under the 1% or 3% caps. And only a small number of properties qualified under the 2% cap. Most circuit breaker credits were allocated to low-income, elderly homeowners under the 2% annual growth limit for their net taxes.

**2010 Circuit Breaker Credits by Cap Category
Wabash County Total \$60,578**

1%	2%	3%	Elderly
\$0	\$22,131	\$0	\$38,447
0.0%	36.5%	0.0%	63.5%

Wabash County, Wabash City, and M.S.D. Wabash County School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the town of Roann lost the most, at 0.5%.

The Effects of Recession

In Wabash County the recession has had an effect on the economy. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 5.8% in December 2007 to 13.2% in July 2009. Job losses and income declines contributed to a 2.5% drop in local income tax revenue.

Wabash County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	1,012,021,400	1,014,422,600	0.2%
Other Residential	116,036,300	114,088,700	-1.7%
Ag Business/Land	271,270,500	279,902,600	3.2%
Business Real/Personal	499,135,920	532,758,460	6.7%
Total	\$1,898,464,120	\$1,941,172,360	2.2%

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 Wabash County, the gross assessed value of business real and personal property increased 6.7% in 2010. Most other assessment categories also increased, and total gross assessed value in Wabash County rose 2.2%. 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.

Wabash County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	34,687,235	34,850,276	22,534,547	22,575,193	0.5%	-35.3%	0.2%
State Unit	31,077	31,803	0	0	2.3%	-100.0%	
Wabash County	6,482,195	6,478,421	4,203,535	4,202,192	-0.1%	-35.1%	0.0%
Chester Township	240,304	238,158	239,761	237,329	-0.9%	0.7%	-1.0%
Lagro Township	113,639	118,307	113,627	113,330	4.1%	-4.0%	-0.3%
Liberty Township	60,165	60,919	59,635	58,959	1.3%	-2.1%	-1.1%
Noble Township	199,781	198,260	201,142	199,896	-0.8%	1.5%	-0.6%
Paw Paw Township	56,486	55,750	54,567	54,529	-1.3%	-2.1%	-0.1%
Pleasant Township	128,732	112,874	146,103	131,827	-12.3%	29.4%	-9.8%
Waltz Township	17,531	17,538	17,636	17,498	0.0%	0.6%	-0.8%
Wabash Civil City	5,822,783	5,798,394	5,429,783	5,338,712	-0.4%	-6.4%	-1.7%
North Manchester Civil Town	1,513,877	1,435,115	1,516,664	1,486,430	-5.2%	5.7%	-2.0%
LaFontaine Civil Town	142,369	137,547	139,263	138,268	-3.4%	1.2%	-0.7%
Lagro Civil Town	56,495	62,011	62,228	59,309	9.8%	0.3%	-4.7%
Roann Civil Town	71,006	77,277	76,258	76,905	8.8%	-1.3%	0.8%
Manchester Community School Corp	5,919,925	6,290,503	3,342,548	3,598,667	6.3%	-46.9%	7.7%
M.S.D. Wabash County School Corp	8,535,964	8,627,119	4,082,718	4,251,962	1.1%	-52.7%	4.1%
Wabash City School Corp	4,368,738	4,172,598	1,928,967	1,858,395	-4.5%	-53.8%	-3.7%
North Manchester Public Library	202,776	200,793	199,113	200,752	-1.0%	-0.8%	0.8%
Roann Public Library	32,448	32,253	31,976	32,303	-0.6%	-0.9%	1.0%
Wabash Public Library	690,944	704,636	689,023	517,930	2.0%	-2.2%	-24.8%
Wabash County Solid Waste Mgt Dist	0	0	0	0			

Wabash 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	CREDIT Residential	LOIT Homestead	LOIT Residential	
85001	Chester Township	1.6360	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0091
85002	North Manchester Town	2.8563	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0158
85003	Lagro Township	1.1696	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0065
85004	Lagro Town	2.3730	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0131
85005	Liberty Township	1.1532	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0064
85006	LaFontaine Town	2.2033	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0122
85007	Noble Township	1.1549	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0064
85008	Wabash City-Wabash County Schl	2.8023	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0155
85009	Wabash City-Wabash City Schl	2.9403	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0163
85010	Paw Paw Township	1.1995	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0066
85011	Roann Town	2.4816	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0137
85012	Pleasant Township	1.5987	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0088
85013	Waltz Township	1.1005	15.1051%	25.1968%	--	29.4534%	--	--	29.6913%	0.0061

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.

Wabash 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>	0	22,122	0	38,447	60,569	22,575,193	0.3%
<i>TIF Total</i>	0	8	0	0	8	643,499	0.0%
<i>County Total</i>	0	22,131	0	38,447	60,578	23,218,692	0.3%
Wabash County	0	2,846	0	6,741	9,587	4,202,192	0.2%
Chester Township	0	20	0	313	333	237,329	0.1%
Lagro Township	0	0	0	120	120	113,330	0.1%
Liberty Township	0	0	0	111	111	58,959	0.2%
Noble Township	0	143	0	313	455	199,896	0.2%
Paw Paw Township	0	0	0	81	81	54,529	0.1%
Pleasant Township	0	0	0	141	141	131,827	0.1%
Waltz Township	0	0	0	34	34	17,498	0.2%
Wabash Civil City	0	11,260	0	7,751	19,011	5,338,712	0.4%
North Manchester Civil Town	0	691	0	4,725	5,417	1,486,430	0.4%
LaFontaine Civil Town	0	0	0	297	297	138,268	0.2%
Lagro Civil Town	0	8	0	124	132	59,309	0.2%
Roann Civil Town	0	1	0	364	365	76,905	0.5%
Manchester Community School Corp	0	631	0	6,509	7,140	3,598,667	0.2%
M.S.D. Wabash County School Corp	0	3,869	0	6,071	9,940	4,251,962	0.2%
Wabash City School Corp	0	1,467	0	3,312	4,779	1,858,395	0.3%
North Manchester Public Library	0	93	0	638	732	200,752	0.4%
Roann Public Library	0	0	0	52	52	32,303	0.2%
Wabash Public Library	0	1,092	0	752	1,844	517,930	0.4%
Wabash County Solid Waste Mgt Dist	0	0	0	0	0	0	
TIF - Chester Township	0	0	0	0	0	593,988	0.0%
TIF - Liberty Township	0	0	0	0	0	174	0.0%
TIF - Wabash-Noble	0	8	0	0	8	12,152	0.1%
TIF - Wabash Corp	0	0	0	0	0	37,186	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.