

2010 Property Tax Report

Warren County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Warren 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 Warren 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 Warren 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	2,215	86.7%	83	3.2%
No Change	104	4.1%	16	0.6%
Lower Tax Bill	235	9.2%	2,455	96.1%
Average Change in Tax Bill	10.8%		-39.5%	
Detailed Change in Tax Bill				
20% or More	295	11.6%	60	2.3%
10% to 19%	1,052	41.2%	10	0.4%
1% to 9%	868	34.0%	13	0.5%
0%	104	4.1%	16	0.6%
-1% to -9%	148	5.8%	27	1.1%
-10% to -19%	39	1.5%	49	1.9%
-20% to -29%	22	0.9%	229	9.0%
-30% to -39%	4	0.2%	587	23.0%
-40% to -49%	2	0.1%	637	24.9%
-50% to -59%	6	0.2%	442	17.3%
-60% to -69%	6	0.2%	196	7.7%
-70% to -79%	2	0.1%	108	4.2%
-80% to -89%	1	0.0%	61	2.4%
-90% to -99%	0	0.0%	37	1.4%
-100%	5	0.2%	82	3.2%
Total	2,554	100.0%	2,554	100.0%

Note: Percentages may not total due to rounding.

The average homeowner saw a 10.8% tax bill increase from 2009 to 2010.

Homestead taxes in 2010 were still 39.5% lower than they were in 2007, before the property tax reforms.

96.1% of homeowners saw lower tax bills in 2010 than in 2007.

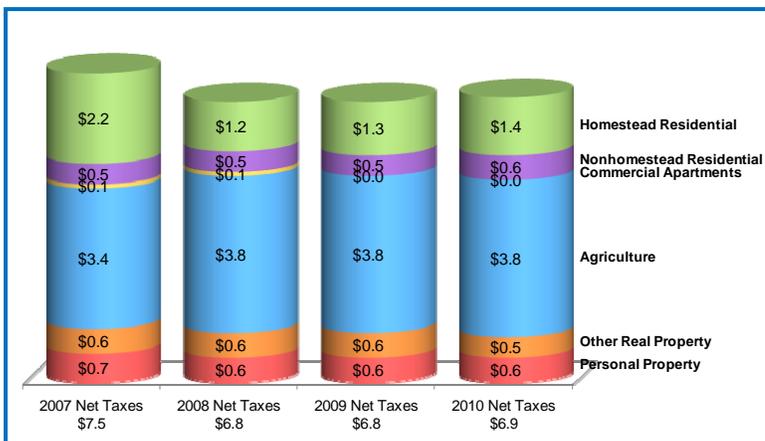
75.2% of homeowners saw tax increases of between 1% and 19% from 2009 to 2010.

The largest percentage of homeowners have seen between a 30% and 49% decrease in their tax bills from 2007 to 2010.

Warren County Overview

The much larger-than-average increase in homeowner tax bills in Warren County is mainly due to a large drop in the state homestead credit rate. In addition, Warren County homeowners benefitted less from the one percent property tax cap than did homeowners in the average county, because Warren County home values and tax rates tend to be lower than the state average and because the county provides a local property tax credit for homeowners. Property tax levies decreased 0.6% in Warren County in 2010, compared to the state average increase of 2.4%. An increase in the debt service levy of the Covington School Corporation was offset by decreases in the debt service and bus replacement levies of the Warren County School Corporation.

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



Net tax bills for all taxpayers increased 1.5% in Warren County from 2009 to 2010. This was higher than the statewide reduction of 1.4%. In 2010 apartment owners saw an 8.7% decrease in tax bills. This decrease was partly due to the tightening of the tax caps from 2.5% to 2% for rental housing and partly to a small decline in assessed values. Nonhomestead residential property (mostly small rental residences), saw a 9.2% increase in tax bills, partly due to reclassification of property. Taxes for parcels that were classified as nonhomestead residential in both 2009 and 2010 declined by 4.1%, mainly because tax rates fell in almost every taxing district. Other real and personal property, mostly commercial and industrial land,

buildings, and equipment, saw a 5.7% decrease and 11.1% increase, respectively, in tax bills in 2010. These changes in tax bills were mainly due to changes in tax rates and assessed value. After deductions and exemptions, business real property net assessed value declined by 2.9%, while personal property net assessed value grew by 15.8%. Commercial and industrial property did not benefit from the tightened tax caps, because Warren 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 1.8% decrease in tax payments in 2010 because of declining 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 Warren County in 2010 amounted to 0.2% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was mainly due to large LOIT-funded credits and much lower-than-average tax rates in Warren County. Tax rates in 3 of 17 total taxing districts exceeded \$2, so only a small amount of housing in the 2% cap category was eligible for credits. No commercial or industrial properties in the 3% tax cap category qualified for credits, because all Warren County tax rates were under \$3. Neither Warren 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
Warren County Total \$17,904**

1%	2%	3%	Elderly
\$3,511	\$12,499	\$0	\$1,894
19.6%	69.8%	0.0%	10.6%

Warren County and the M.S.D. of Warren County School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the town of Pine Village lost the most, at 4.7%.

The Effects of Recession

In Warren 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 2.8% in December 2007 to 13.4% in July 2009. Despite job losses, local income tax revenue grew by 8.6%.

Warren County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	275,123,300	285,521,000	3.8%
Other Residential	25,195,500	26,806,200	6.4%
Ag Business/Land	259,268,000	271,077,800	4.6%
Business Real/Personal	87,844,620	89,623,950	2.0%
Total	\$647,431,420	\$673,028,950	4.0%

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 Warren County, the gross assessed value of business real and personal property increased 2.0% in 2010. All other assessment categories also increased, and total gross assessed value in Warren County rose 4.0%. 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.

Warren County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	10,712,087	11,023,355	7,606,423	7,564,504	2.9%	-31.0%	-0.6%
State Unit	10,657	11,890	0	0	11.6%	-100.0%	
Warren County	3,328,102	2,874,466	2,827,387	2,794,597	-13.6%	-1.6%	-1.2%
Adams Township	15,316	15,670	15,869	15,886	2.3%	1.3%	0.1%
Jordan Township	15,485	14,970	15,250	14,924	-3.3%	1.9%	-2.1%
Kent Township	18,197	18,307	16,566	16,539	0.6%	-9.5%	-0.2%
Liberty Township	17,266	17,628	17,330	17,432	2.1%	-1.7%	0.6%
Medina Township	13,868	14,319	14,100	13,883	3.3%	-1.5%	-1.5%
Mound Township	22,725	23,341	23,156	22,762	2.7%	-0.8%	-1.7%
Pike Township	9,981	10,301	10,090	10,182	3.2%	-2.0%	0.9%
Pine Township	29,092	29,530	28,765	28,725	1.5%	-2.6%	-0.1%
Prairie Township	9,805	9,788	9,742	9,745	-0.2%	-0.5%	0.0%
Steuben Township	17,763	17,691	17,809	17,932	-0.4%	0.7%	0.7%
Warren Township	9,232	9,412	9,196	9,299	1.9%	-2.3%	1.1%
Washington Township	35,830	36,579	36,041	36,315	2.1%	-1.5%	0.8%
Pine Village Civil Town	36,610	37,525	36,668	36,019	2.5%	-2.3%	-1.8%
State Line City Civil Town	22,373	22,452	21,783	21,356	0.4%	-3.0%	-2.0%
West Lebanon Civil Town	106,798	110,097	105,121	106,281	3.1%	-4.5%	1.1%
Williamsport Civil Town	222,066	219,710	222,597	237,193	-1.1%	1.3%	6.6%
Benton Community School Corp	1,257,677	1,322,534	825,784	830,268	5.2%	-37.6%	0.5%
Covington Community School Corp	407,349	432,867	277,733	371,988	6.3%	-35.8%	33.9%
M.S.D. Of Warren County School Corp	4,793,563	5,416,496	2,754,530	2,637,148	13.0%	-49.1%	-4.3%
West Lebanon Public Library	68,198	120,544	90,351	90,603	76.8%	-25.0%	0.3%
Williamsport Public Library	129,127	114,868	115,564	113,701	-11.0%	0.6%	-1.6%
Warren County Solid Waste Mgt Dist	115,007	122,370	114,991	111,726	6.4%	-6.0%	-2.8%

Warren 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	
86001	Adams Township	1.3656	5.8059%	4.9001%	--	9.3751%	--	--	--	1.0914
86002	Pine Village (Adams)	2.3702	5.8059%	4.9001%	--	0.8754%	--	--	--	2.0957
86003	Jordan Township	1.3549	5.8059%	4.9001%	--	33.5540%	--	--	--	0.7552
86004	Kent Township	1.4073	5.8059%	4.9001%	--	9.5216%	--	--	--	1.1226
86005	State Line (Kent)	1.9452	5.8059%	4.9001%	--	66.2343%	--	--	--	0.4486
86006	Liberty Township	1.3506	5.8059%	4.9001%	--	11.8976%	--	--	--	1.0453
86007	Medina Township	1.5956	5.8059%	4.9001%	--	1.7598%	--	--	--	1.3967
86008	Mound Township	1.9172	5.8059%	4.9001%	--	15.4909%	--	--	--	1.4150
86009	Pike Township	1.6373	5.8059%	4.9001%	--	4.3579%	--	--	--	1.3907
86010	West Lebanon (Pike)	2.3844	5.8059%	4.9001%	--	26.6726%	--	--	--	1.4931
86011	Pine Township	1.3989	5.8059%	4.9001%	--	3.4850%	--	--	--	1.2004
86012	Prairie Township	1.5777	5.8059%	4.9001%	--	31.4019%	--	--	--	0.9134
86013	Steuben Township	1.3602	5.8059%	4.9001%	--	4.1005%	--	--	--	1.1588
86014	Warren Township	1.3468	5.8059%	4.9001%	--	1.2910%	--	--	--	1.1852
86015	Washington Township	1.5799	5.8059%	4.9001%	--	13.7943%	--	--	--	1.1928
86016	Williamsport	2.0731	5.8059%	4.9001%	--	4.3954%	--	--	--	1.7600
86017	Liberty Williamsport	1.8672	5.8059%	4.9001%	--	--	--	--	--	1.6673

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.

Warren 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>	3,511	12,499	0	1,894	17,904	7,564,504	0.2%
<i>TIF Total</i>	0	0	0	0	0	507	0.0%
<i>County Total</i>	3,511	12,499	0	1,894	17,904	7,565,011	0.2%
Warren County	1,069	3,035	0	628	4,731	2,794,597	0.2%
Adams Township	0	34	0	0	34	15,886	0.2%
Jordan Township	0	0	0	0	0	14,924	0.0%
Kent Township	0	0	0	0	0	16,539	0.0%
Liberty Township	1	0	0	3	5	17,432	0.0%
Medina Township	2	0	0	2	4	13,883	0.0%
Mound Township	3	0	0	14	17	22,762	0.1%
Pike Township	19	48	0	7	74	10,182	0.7%
Pine Township	0	0	0	3	3	28,725	0.0%
Prairie Township	0	0	0	1	1	9,745	0.0%
Steuben Township	10	0	0	2	12	17,932	0.1%
Warren Township	3	0	0	3	6	9,299	0.1%
Washington Township	30	0	0	14	43	36,315	0.1%
Pine Village Civil Town	0	1,684	0	5	1,689	36,019	4.7%
State Line City Civil Town	0	0	0	0	0	21,356	0.0%
West Lebanon Civil Town	322	2,810	0	26	3,157	106,281	3.0%
Williamsport Civil Town	334	0	0	155	489	237,193	0.2%
Benton Community School Corp	53	0	0	106	159	830,268	0.0%
Covington Community School Corp	46	0	0	224	270	371,988	0.1%
M.S.D. of Warren County School Corp	1,263	3,774	0	571	5,609	2,637,148	0.2%
West Lebanon Public Library	199	993	0	50	1,242	90,603	1.4%
Williamsport Public Library	115	0	0	53	168	113,701	0.1%
Warren County Solid Waste Mgt Dist	43	121	0	25	189	111,726	0.2%
TIF - Pike TIF	0	0	0	0	0	507	0.0%
TIF - West Lebanon TIF	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.