

# 2009 WASHINGTON COUNTY PROPERTY TAX REPORT

## WITH COMPARISONS TO 2007 AND 2008

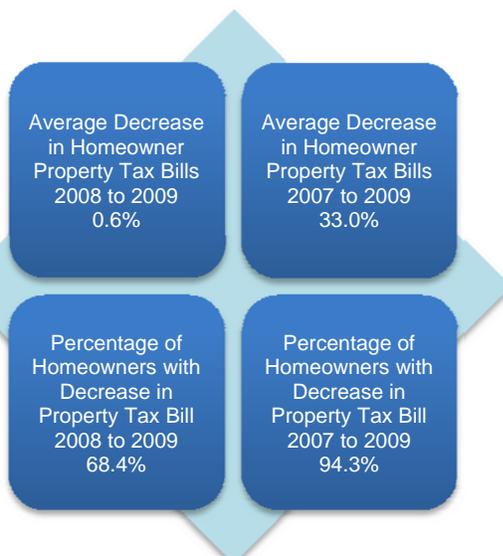


Legislative Services Agency

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 Washington 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	702	10.4%	221	3.3%
10% to 19%	302	4.5%	28	0.4%
1% to 9%	1,065	15.7%	79	1.2%
0%	67	1.0%	61	0.9%
-1% to -9%	1,535	22.7%	180	2.7%
-10% to -19%	1,379	20.4%	431	6.4%
-20% to -29%	724	10.7%	1,082	16.0%
-30% to -39%	307	4.5%	1,774	26.2%
-40% to -49%	123	1.8%	1,443	21.3%
-50% to -59%	103	1.5%	721	10.7%
-60% to -69%	93	1.4%	211	3.1%
-70% to -79%	76	1.1%	158	2.3%
-80% to -89%	63	0.9%	110	1.6%
-90% to -99%	37	0.5%	74	1.1%
-100%	191	2.8%	194	2.9%
<b>Total</b>	<b>6,767</b>	<b>100.0%</b>	<b>6,767</b>	<b>100.0%</b>
Higher Tax Bill	2,069	30.6%	328	4.8%
No Change	67	1.0%	61	0.9%
Lower Tax Bill	4,631	68.4%	6,378	94.3%
Average Change in Tax Bill	-0.6%		-33.0%	

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	Washington County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-14.4%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-29.6%	-30.6%
State PTRC Percentage, 2008	20.5%	20.1%
Total State Homestead Credit, 2008	42.6%	39.5%
Total State Homestead Credit, 2009	6.8%	7.2%
Did County Adopt a LOIT in 2008 or 2009?	No	

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. Homeowner tax bills in Washington County decreased by 0.6%. The elimination of the property tax levies, and the added 35% supplemental homestead deduction, were offset by the elimination of the property tax replacement credits and the state homestead credits. Washington County did not adopt a local option income tax for property tax relief, and few Washington County homeowners were eligible for the circuit breaker tax cap

credits. Homeowner taxes were substantially lower in 2009 compared to 2007 in Washington County, as they were in almost all Indiana counties.

## 2009 Property Tax Changes:

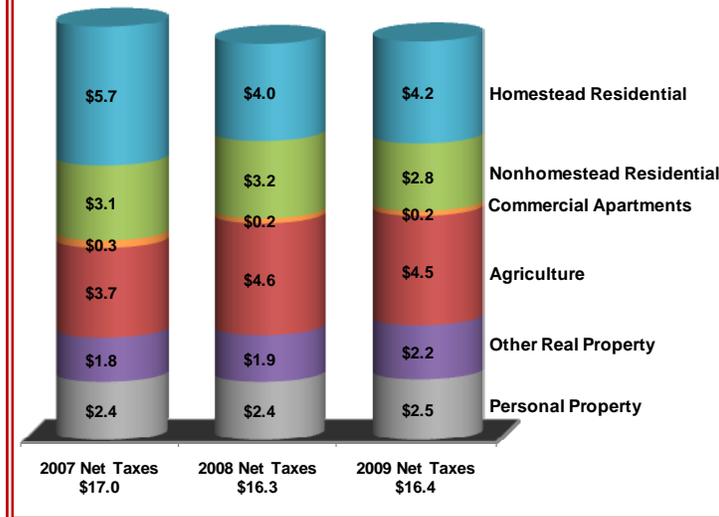
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

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.

Comparison of Net Property Tax Bills by Property Type  
Washington County  
(In Millions)



In Washington County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw a 12.5% decline in average property tax bills. Average tax bills on commercial apartments increased 13.1%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw a 2.1% average tax decrease. Other commercial, industrial, and utility real property average tax bills increased 12.5%. Personal property, which is largely business equipment, saw a 4.3% increase 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 Washington County \$202.441

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



### Washington 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>\$23,351,699</b>	<b>\$25,118,110</b>	<b>\$17,686,658</b>	<b>7.6%</b>	<b>-29.6%</b>	<b>0.4%</b>
State Unit	22,593	23,290	0	3.1%	-100.0%	
Washington County	5,148,451	5,474,208	4,260,725	6.3%	-22.2%	3.5%
Brown Township	18,119	18,559	19,439	2.4%	4.7%	4.7%
Franklin Township	41,572	42,555	45,983	2.4%	8.1%	8.1%
Gibson Township	35,678	24,620	37,852	-31.0%	53.7%	53.7%
Howard Township	10,312	10,899	11,367	5.7%	4.3%	4.3%
Jackson Township	32,019	34,133	34,188	6.6%	0.2%	0.2%
Jefferson Township	13,618	14,545	14,802	6.8%	1.8%	1.8%
Madison Township	19,364	19,725	20,022	1.9%	1.5%	1.5%
Monroe Township	29,074	38,451	36,931	32.3%	-4.0%	-4.0%
Pierce Township	39,351	41,569	41,219	5.6%	-0.8%	-0.8%
Polk Township	37,854	41,372	40,908	9.3%	-1.1%	-1.1%
Posey Township	32,755	42,992	45,262	31.3%	5.3%	5.3%
Vernon Township	16,195	16,815	17,682	3.8%	5.2%	5.2%
Washington Township	151,748	158,777	154,620	4.6%	-2.6%	-2.6%
Salem Civil City	2,160,035	2,371,958	2,382,134	9.8%	0.4%	3.6%
Campbellsburg Civil Town	63,812	63,136	68,747	-1.1%	8.9%	8.9%
Fredericksburg Civil Town	0	0	0	0.0%	0.0%	0.0%
Hardinsburg Civil Town	5,620	5,710	5,997	1.6%	5.0%	5.0%
Little York Civil Town	786	810	844	3.1%	4.2%	4.2%
Livonia Civil Town	2,354	2,404	2,435	2.1%	1.3%	1.3%
New Pekin Civil Town	115,513	114,187	127,482	-1.1%	11.6%	11.6%
Saltillo Civil Town	354	0	0	-100.0%	0.0%	0.0%
Salem Community School Corporation	6,689,023	6,921,860	3,949,816	3.5%	-42.9%	-4.6%
East Washington School Corporation	4,229,824	4,906,176	2,854,054	16.0%	-41.8%	-8.5%
West Washington School Corporation	3,509,502	3,702,493	2,458,447	5.5%	-33.6%	11.0%
Salem Public Library	251,735	310,350	342,274	23.3%	10.3%	10.3%
Brown-Vernon Fire District	73,692	75,147	79,722	2.0%	6.1%	6.1%
Washington County Solid Waste Mgt. District	572,364	611,372	602,149	6.8%	-1.5%	-1.5%
Blue River Fire Protection District	28,382	29,997	31,557	5.7%	5.2%	5.2%

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.

## Washington 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	State Homestead, Total		Total Local Income Tax Credits, Homesteads	
	2008	2009	% Change	2008	2009	% Change	2008	2009	2008	2008	2009	2008	2009
	Brown Township	25.5	23.0	-9.6%	646,223	474,324	-26.6%	2.5343	2.0584	22.69%	42.84%	6.83%	13.44%
Campbellsburg Town	16.6	14.7	-11.3%	484,092	371,861	-23.2%	2.9144	2.5242	22.06%	45.43%	6.83%	13.44%	21.84%
Satillo Town	2.7	2.1	-21.2%	68,894	44,116	-36.0%	2.5343	2.0584	22.69%	42.84%	6.83%	13.44%	21.84%
Franklin Township	80.8	65.0	-19.5%	1,827,458	1,143,476	-37.4%	2.2631	1.7581	19.65%	40.24%	6.83%	13.44%	21.84%
Gibson Township	36.2	31.8	-12.1%	805,590	547,544	-32.0%	2.2253	1.7204	21.29%	41.60%	6.83%	13.44%	21.84%
Little York Town	3.9	2.9	-25.6%	87,509	50,721	-42.0%	2.2461	1.7495	21.27%	41.82%	6.83%	13.44%	21.84%
Howard Township	48.2	41.0	-14.9%	1,198,908	824,047	-31.3%	2.4860	2.0081	22.76%	42.39%	6.83%	13.44%	21.84%
Jackson Township	68.7	55.2	-19.6%	1,552,173	966,144	-37.8%	2.2601	1.7493	19.72%	40.39%	6.83%	13.44%	21.84%
Jefferson Township	27.4	24.3	-11.1%	607,258	407,108	-33.0%	2.2170	1.6722	21.30%	41.51%	6.83%	13.44%	21.84%
Madison Township	22.0	18.2	-17.2%	545,835	364,730	-33.2%	2.4850	2.0061	22.66%	42.13%	6.83%	13.44%	21.84%
Livonia Town	3.3	2.8	-15.1%	82,273	56,658	-31.1%	2.5150	2.0405	22.68%	42.57%	6.83%	13.44%	21.84%
Monroe Township	22.8	20.3	-10.6%	530,779	364,634	-31.3%	2.3329	1.7930	20.42%	40.71%	6.83%	13.44%	21.84%
Pierce Township	63.1	54.1	-14.3%	1,433,372	950,128	-33.7%	2.2713	1.7573	19.55%	40.09%	6.83%	13.44%	21.84%
New Pekin Town-Pierce Township	16.8	15.3	-8.8%	444,023	341,124	-23.2%	2.6478	2.2305	19.50%	43.69%	6.83%	13.44%	21.84%
Polk Township	70.5	60.2	-14.6%	1,597,721	1,054,499	-34.0%	2.2652	1.7506	19.61%	40.17%	6.83%	13.44%	21.84%
New Pekin Town-Polk Township	10.5	9.2	-12.5%	278,839	205,820	-26.2%	2.6550	2.2393	19.50%	43.74%	6.83%	13.44%	21.84%
Posey Township	47.4	44.0	-7.2%	1,178,979	879,860	-25.4%	2.4870	2.0010	22.55%	41.85%	6.83%	13.44%	21.84%
Fredericksburg Town	1.3	1.3	-5.3%	32,788	24,779	-24.4%	2.4388	1.9470	22.67%	41.52%	6.83%	13.44%	21.84%
Hardinsburg Town	4.8	4.2	-12.3%	123,222	88,229	-28.4%	2.5573	2.0890	22.47%	42.55%	6.83%	13.44%	21.84%
Vernon Township	37.1	35.2	-5.3%	942,190	724,140	-23.1%	2.5382	2.0600	22.58%	42.59%	6.83%	13.44%	21.84%
Washington Township	162.0	128.2	-20.9%	3,781,752	2,338,687	-38.2%	2.3343	1.8248	20.71%	41.47%	6.83%	13.44%	21.84%
Salem City	198.9	177.4	-10.8%	6,869,232	5,464,689	-20.4%	3.4535	3.0798	19.24%	46.73%	6.83%	13.44%	21.84%
<b>County Totals/Averages</b>	<b>970.5</b>	<b>830.6</b>	<b>-14.4%</b>	<b>25,119,111</b>	<b>17,687,318</b>	<b>-29.6%</b>	<b>2.5883</b>	<b>2.1295</b>	<b>20.46%</b>	<b>42.61%</b>	<b>6.83%</b>	<b>13.44%</b>	<b>21.84%</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.

## Washington 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
Washington County	4,260,725	132	32,894	0	784	33,809
Brown Township	19,439	0	18	0	1	18
Franklin Township	45,983	0	0	0	0	0
Gibson Township	37,852	0	0	0	0	0
Howard Township	11,367	0	0	0	0	0
Jackson Township	34,188	0	0	0	0	0
Jefferson Township	14,802	0	0	0	4	4
Madison Township	20,022	0	0	0	0	0
Monroe Township	36,931	0	0	0	0	0
Pierce Township	41,219	0	0	0	7	7
Polk Township	40,908	0	0	0	0	0
Posey Township	45,262	0	0	0	5	5
Vernon Township	17,682	0	0	0	1	1
Washington Township	154,620	4	884	0	20	907
Salem Civil City	2,382,134	345	85,609	0	1,672	87,625
Campbellsburg Civil Town	68,747	0	169	0	1	171
Fredericksburg Civil Town	0	0	0	0	0	0
Hardinsburg Civil Town	5,997	0	0	0	0	0
Little York Civil Town	844	0	0	0	0	0
Livonia Civil Town	2,435	0	0	0	0	0
New Pekin Civil Town	127,482	0	0	0	0	0
Saltillo Civil Town	0	0	0	0	0	0
Salem Community School Corporation	3,949,816	264	65,416	0	1,371	67,051
East Washington School Corporation	2,854,054	0	0	0	114	114
West Washington School Corporation	2,458,447	0	479	0	116	596
Salem Public Library	342,274	29	7,139	0	142	7,310
Southwest Washington Fire Protection District	0	0	0	0	0	0
Brown-Vernon Fire District	79,722	0	39	0	3	42
Washington County Solid Waste Management	602,149	19	4,650	0	111	4,779
Blue River Fire Protection District	31,557	0	0	0	0	0
<b>Total - All Taxing Units</b>	<b>17,686,658</b>	<b>792</b>	<b>197,296</b>	<b>0</b>	<b>4,353</b>	<b>202,441</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.