

# 2010 Property Tax Report

## Washington County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Washington 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 Washington 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 Washington County

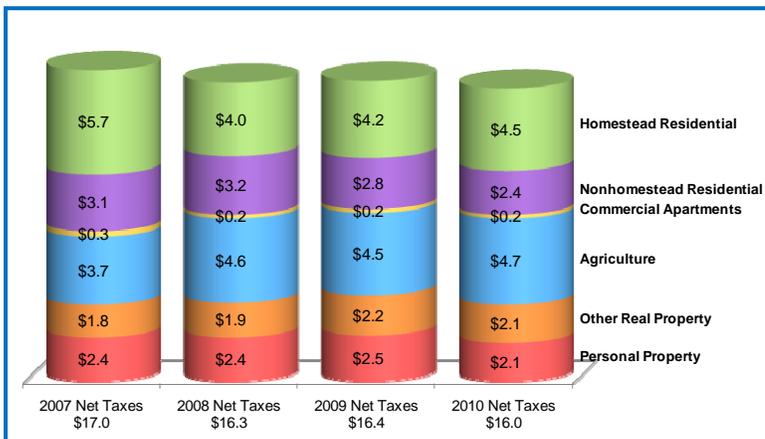
	2009 to 2010		2007 to 2010		
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total	
<b>Summary Change in Tax Bill</b>					
Higher Tax Bill	5,468	82.8%	294	4.5%	94.6% of homeowners saw lower tax bills in 2010 than in 2007.
No Change	247	3.7%	61	0.9%	
Lower Tax Bill	885	13.4%	6,245	94.6%	
<b>Average Change in Tax Bill</b>	<b>3.8%</b>		<b>-30.4%</b>		
<b>Detailed Change in Tax Bill</b>					
20% or More	374	5.7%	111	1.7%	77.2% of homeowners saw tax increases of between 1% and 19% from 2009 to 2010.
10% to 19%	2,400	36.4%	63	1.0%	
1% to 9%	2,694	40.8%	120	1.8%	
0%	247	3.7%	61	0.9%	
-1% to -9%	481	7.3%	320	4.8%	The largest percentage of homeowners have seen between a 20% and 39% decrease in their tax bills from 2007 to 2010.
-10% to -19%	102	1.5%	730	11.1%	
-20% to -29%	50	0.8%	1,510	22.9%	
-30% to -39%	32	0.5%	1,483	22.5%	
-40% to -49%	32	0.5%	1,083	16.4%	
-50% to -59%	28	0.4%	432	6.5%	
-60% to -69%	48	0.7%	171	2.6%	
-70% to -79%	51	0.8%	149	2.3%	
-80% to -89%	33	0.5%	101	1.5%	
-90% to -99%	13	0.2%	72	1.1%	
-100%	15	0.2%	194	2.9%	
<b>Total</b>	<b>6,600</b>	<b>100.0%</b>	<b>6,600</b>	<b>100.0%</b>	

Note: Percentages may not total due to rounding.

### Washington County Overview

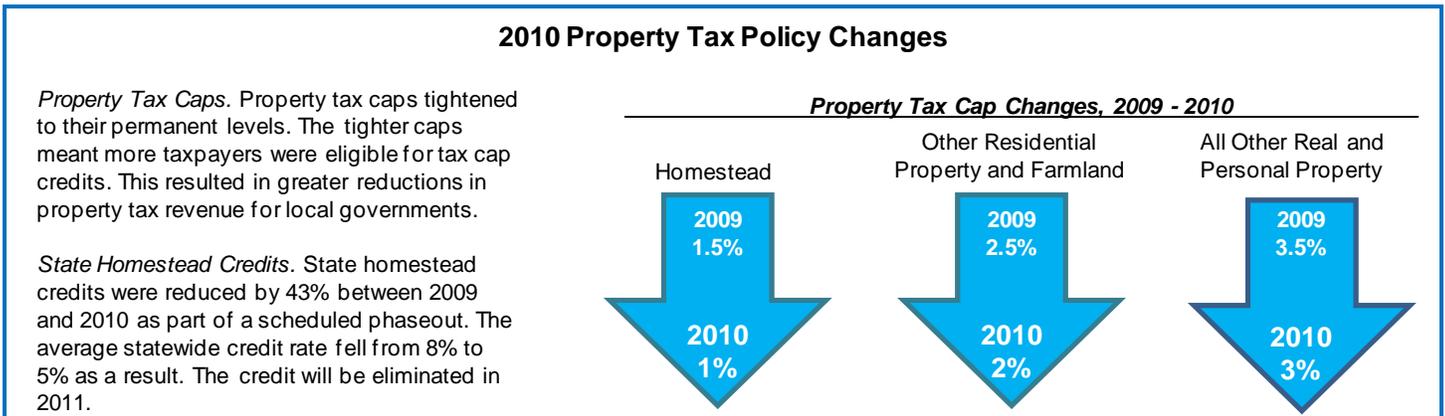
The larger-than-average increase in homeowner tax bills was due to two main reasons. The county saw a decrease in local homestead property tax credit rates, because of a decrease in the local income tax revenues which fund these credits. And, Washington County homeowners benefitted less from the one percent property tax cap than did homeowners in the average county, primarily because Washington County home values tend to be lower than the state average and because of the still substantial local property tax credits. Property tax levies increased 0.6% in Washington County in 2010, less than the state average increase of 2.4%. Levy increases for the county general fund and the Salem Community School Corporation pension debt, transportation, and bus replacement funds were nearly offset by levy decreases for the West Washington School Corporation debt service fund.

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



Net tax bills for all taxpayers decreased 1.5% in Washington County from 2009 to 2010. This was similar to the statewide reduction of 1.4%. In 2010 apartment owners saw a 32.1% 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 13.7% reduction in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw a 0.8% and 13.8% decrease, respectively, in tax bills in 2010.

These changes in tax bills were mainly due to changes in assessed value. Business real property assessments grew by 3.3%, while business personal property assessments declined by 16.1%. The tightening of the tax caps from 3.5% to 3% also contributed to the tax changes for commercial and industrial property. Agricultural business property saw a 6.1% increase in tax payments in 2010 because of the Washington County tax levy increases and the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre.



### Tax Cap Credits

Tax cap credits in Washington County in 2010 amounted to 4.8% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was partly due to Washington County having a smaller share of its net assessed value in the 2% cap category. This category includes rental housing, which tends to be in cities and towns where tax rates usually are above \$2 per \$100 assessed value. If the rate exceeds the tax cap, rental housing would be eligible for tax cap credits. Few commercial or industrial properties in the 3% tax cap category qualified for credits, because only 1 of 22 district tax rates exceeded \$3. Washington County home values 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  
Washington County Total \$857,402**

1%	2%	3%	Elderly
\$73,755	\$545,391	\$233,876	\$4,380
8.6%	63.6%	27.3%	0.5%

Washington County, Salem City, and the Salem Community School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, Salem City lost the most, at 15%. Losses were greatest for units that overlapped Salem City because its tax district had the highest tax rate.

### The Effects of Recession

In Washington 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 5.4% in December 2007 to 12.1% in July 2009. Job losses and income declines contributed to a 1.8% drop in local income tax revenue. Because part of this revenue is used for property tax relief, local property tax credit rates declined in Washington County in 2010.

**Washington County Gross Assessed Value by Property Type**

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	782,345,810	773,901,000	-1.1%
Other Residential	114,557,100	115,523,100	0.8%
Ag Business/Land	232,639,400	250,003,200	7.5%
Business Real/Personal	234,695,010	217,370,770	-7.4%
<b>Total</b>	<b>\$1,364,237,320</b>	<b>\$1,356,798,070</b>	<b>-0.5%</b>

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 Washington County, the gross assessed value of business real and personal property fell 7.4% in 2010. Most other assessment categories increased, and total gross assessed value in Washington County decreased 0.5%. 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.

### Washington County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	23,351,699	25,118,110	17,686,658	17,793,579	7.6%	-29.6%	0.6%
State Unit	22,593	23,290	0	0	3.1%	-100.0%	
Washington County	5,148,451	5,474,208	4,260,725	4,392,832	6.3%	-22.2%	3.1%
Brown Township	18,119	18,559	19,439	20,076	2.4%	4.7%	3.3%
Franklin Township	41,572	42,555	45,983	46,926	2.4%	8.1%	2.1%
Gibson Township	35,678	24,620	37,852	37,112	-31.0%	53.7%	-2.0%
Howard Township	10,312	10,899	11,367	11,823	5.7%	4.3%	4.0%
Jackson Township	32,019	34,133	34,188	52,327	6.6%	0.2%	53.1%
Jefferson Township	13,618	14,545	14,802	15,683	6.8%	1.8%	6.0%
Madison Township	19,364	19,725	20,022	21,296	1.9%	1.5%	6.4%
Monroe Township	29,074	38,451	36,931	32,645	32.3%	-4.0%	-11.6%
Pierce Township	39,351	41,569	41,219	41,699	5.6%	-0.8%	1.2%
Polk Township	37,854	41,372	40,908	41,853	9.3%	-1.1%	2.3%
Posey Township	32,755	42,992	45,262	46,243	31.3%	5.3%	2.2%
Vernon Township	16,195	16,815	17,682	18,345	3.8%	5.2%	3.7%
Washington Township	151,748	158,777	154,620	160,109	4.6%	-2.6%	3.5%
Salem Civil City	2,160,035	2,371,958	2,382,134	2,376,015	9.8%	0.4%	-0.3%
Campbellsburg Civil Town	63,812	63,136	68,747	69,743	-1.1%	8.9%	1.4%
Fredericksburg Civil Town	0	0	0	0			
Hardinsburg Civil Town	5,620	5,710	5,997	6,214	1.6%	5.0%	3.6%
Little York Civil Town	786	810	844	874	3.1%	4.2%	3.6%
Livonia Civil Town	2,354	2,404	2,435	2,642	2.1%	1.3%	8.5%
New Pekin Civil Town	115,513	114,187	127,482	128,686	-1.1%	11.6%	0.9%
Saltillo Civil Town	354	0	0	0	-100.0%		
Salem Community School Corp	6,689,023	6,921,860	3,949,816	4,069,926	3.5%	-42.9%	3.0%
East Washington School Corp	4,229,824	4,906,176	2,854,054	2,799,383	16.0%	-41.8%	-1.9%
West Washington School Corp	3,509,502	3,702,493	2,458,447	2,276,358	5.5%	-33.6%	-7.4%
Salem Public Library	251,735	310,350	342,274	344,707	23.3%	10.3%	0.7%
Brown-Vernon Fire Dist	73,692	75,147	79,722	82,857	2.0%	6.1%	3.9%
Washington County Solid Waste Mgt Dist	572,364	611,372	602,149	664,108	6.8%	-1.5%	10.3%
Blue River Fire Protection Dist	28,382	29,997	31,557	33,097	5.7%	5.2%	4.9%

## Washington 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	
88001	Brown Township	2.0060	--	4.0972%	--	19.9089%	--	--	--	1.5244
88002	Campbellsburg Town	2.4845	--	4.0972%	--	19.9089%	--	--	--	1.8881
88003	Saltillo Town	2.0060	--	4.0972%	--	19.9089%	--	--	--	1.5244
88004	Franklin Township	1.8093	--	4.0972%	--	19.9089%	--	--	--	1.3750
88005	Gibson Township	1.8286	--	4.0972%	--	19.9089%	--	--	--	1.3896
88006	Little York Town	1.8588	--	4.0972%	--	19.9089%	--	--	--	1.4126
88007	Howard Township	1.9507	--	4.0972%	--	19.9089%	--	--	--	1.4824
88008	Jackson Township	1.8303	--	4.0972%	--	19.9089%	--	--	--	1.3909
88009	Jefferson Township	1.7856	--	4.0972%	--	19.9089%	--	--	--	1.3569
88010	Madison Township	1.9477	--	4.0972%	--	19.9089%	--	--	--	1.4801
88011	Livonia Town	1.9915	--	4.0972%	--	19.9089%	--	--	--	1.5134
88012	Monroe Township	1.8887	--	4.0972%	--	19.9089%	--	--	--	1.4353
88013	Pierce Township	1.8082	--	4.0972%	--	19.9089%	--	--	--	1.3741
88014	New Pekin Town-Pierce Twp	2.2898	--	4.0972%	--	19.9089%	--	--	--	1.7401
88015	Polk Township	1.7988	--	4.0972%	--	19.9089%	--	--	--	1.3670
88016	New Pekin Town-Polk Twp	2.2980	--	4.0972%	--	19.9089%	--	--	--	1.7463
88017	Posey Township	1.9440	--	4.0972%	--	19.9089%	--	--	--	1.4773
88018	Fredericksburg Town	1.8871	--	4.0972%	--	19.9089%	--	--	--	1.4341
88019	Hardinsburg Town	2.0328	--	4.0972%	--	19.9089%	--	--	--	1.5448
88020	Vernon Township	2.0042	--	4.0972%	--	19.9089%	--	--	--	1.5231
88021	Washington Township	1.9449	--	4.0972%	--	19.9089%	--	--	--	1.4780
88022	Salem City	3.3334	--	4.0972%	--	19.9089%	--	--	--	2.5332

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.

### Washington 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>	73,755	545,391	233,876	4,380	857,401	17,793,579	4.8%
<i>TIF Total</i>	0	0	0	0	0	28,323	0.0%
<i>County Total</i>	73,755	545,391	233,876	4,380	857,401	17,821,902	4.8%
Washington County	12,001	92,173	38,056	984	143,213	4,392,832	3.3%
Brown Township	0	493	0	0	493	20,076	2.5%
Franklin Township	0	0	0	15	15	46,926	0.0%
Gibson Township	0	0	0	7	7	37,112	0.0%
Howard Township	0	0	0	2	2	11,823	0.0%
Jackson Township	0	0	0	34	34	52,327	0.1%
Jefferson Township	0	0	0	1	1	15,683	0.0%
Madison Township	0	0	0	0	0	21,296	0.0%
Monroe Township	0	0	0	0	0	32,645	0.0%
Pierce Township	0	152	0	0	152	41,699	0.4%
Polk Township	0	163	0	1	164	41,853	0.4%
Posey Township	0	13	0	1	14	46,243	0.0%
Vernon Township	0	23	0	0	23	18,345	0.1%
Washington Township	319	2,136	1,010	52	3,516	160,109	2.2%
Salem Civil City	32,718	219,321	103,748	991	356,778	2,376,015	15.0%
Campbellsburg Civil Town	0	4,326	0	0	4,326	69,743	6.2%
Fredericksburg Civil Town	0	0	0	0	0	0	
Hardinsburg Civil Town	0	41	0	0	41	6,214	0.7%
Little York Civil Town	0	0	0	0	0	874	0.0%
Livonia Civil Town	0	0	0	0	0	2,642	0.0%
New Pekin Civil Town	0	6,084	0	0	6,084	128,686	4.7%
Saltillo Civil Town	0	0	0	0	0	0	
Salem Community School Corp	24,288	162,811	77,016	1,271	265,386	4,069,926	6.5%
East Washington School Corp	0	12,692	0	625	13,317	2,799,383	0.5%
West Washington School Corp	0	12,399	0	113	12,513	2,276,358	0.5%
Salem Public Library	2,615	17,531	8,293	127	28,567	344,707	8.3%
Brown-Vernon Fire Dist	0	1,097	0	0	1,097	82,857	1.3%
Washington County Solid Waste Mgt Dist	1,814	13,935	5,753	149	21,651	664,108	3.3%
Blue River Fire Protection Dist	0	0	0	7	7	33,097	0.0%
TIF - Washington County Economic	0	0	0	0	0	28,323	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.