

Property Tax Payments, 2002-2003 - Blackford County -

Indiana Legislative Services Agency

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The Indiana Supreme Court found Indiana's true tax value assessment rules to be unconstitutional in December 1998. Major changes in property tax payments in each county from 2002 to 2003 were caused by several factors, including:

- The move from the old true tax value assessment rules to the new market-oriented rules during the 2002-2003 property tax reassessment.
- Tax levy increases by local taxing units, which are influenced by spending and the availability of other revenue sources.
- The tax restructuring provisions enacted by the General Assembly in 2002 to help mitigate some of the effects of the assessment changes.

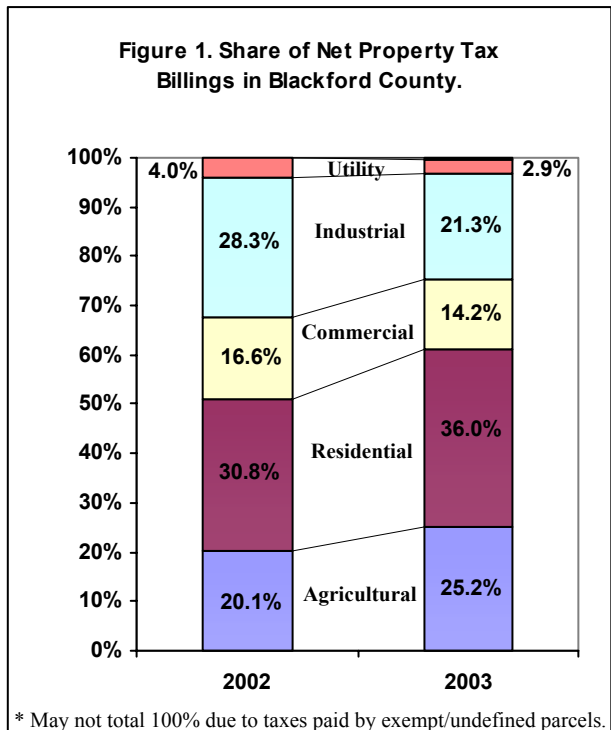
State Tax Credits Increased in Blackford County from \$2.0 Million in 2002 to \$3.3 Million in 2003.

The General Assembly's restructuring provisions increased state tax credits statewide in 2003 from \$1.12

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	97.0%	82.7%	22.6%
Residential (All)	89.9%	61.3%	14.5%
Homestead Only	93.3%	53.9%	8.8%
Commercial	12.5%	12.2%	-16.4%
Industrial	1.7%	-6.3%	-26.2%
Utility	-12.3%	-12.3%	-30.8%
Avg. All Classes	56.8%	39.0%	-2.2%

billion to \$1.87 billion, an increase of approximately \$748 million. In Blackford County, state tax credits increased from \$2.0 million to \$3.3 million, an increase of \$1.3 million. This paper provides a brief summary of how these factors changed property tax liabilities in Blackford County.

Tax Shifts. Blackford County saw a property tax shift from business to residential and agricultural property owners. Tax bills paid by residential and agricultural property owners increased, while tax bills paid by business property owners decreased (see Table 1). [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] The reason for these shifts between classes of property was that the total of real plus personal property assessed values (AV) of residential and agricultural property increased more than the assessed values of commercial, industrial, and utility property. Gross assessed values of agricultural and residential property nearly doubled, while commercial property increased by a much smaller amount. Industrial assessments were almost unchanged, and utility assessments actually declined. These figures include the



effects of new construction, demolition and remodeling of property, as well as the effects of reassessment, tax restructuring and levy increases.

Homeowners and Renters. The residential property type includes both homestead and non-homestead residential property. Owners of residential homesteads in Blackford County saw their tax bills increase by a smaller amount than the average residential property increase, while owners of agricultural homesteads saw their tax bills increase by a larger amount than the average residential property increase. A property is eligible for the homestead deduction and credit if it is occupied by its owner and is the owner’s primary residence. The increase in the homestead deduction from \$6,000 to \$35,000 is the reason that residential net assessed value rose so much less than gross assessed value.

Tax bills on non-homestead residential property, which is primarily rental property, increased much more than for homestead property. Taxes rose because rental assessments increased as much as homestead assessments, but rental property was not eligible for the homestead deduction or homestead credit.

Table 2 shows tax changes for comparable properties, those with physical features that were unchanged from 2002 to 2003. In Blackford County, substantially more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, about half of homestead owners saw increases and half saw decreases.

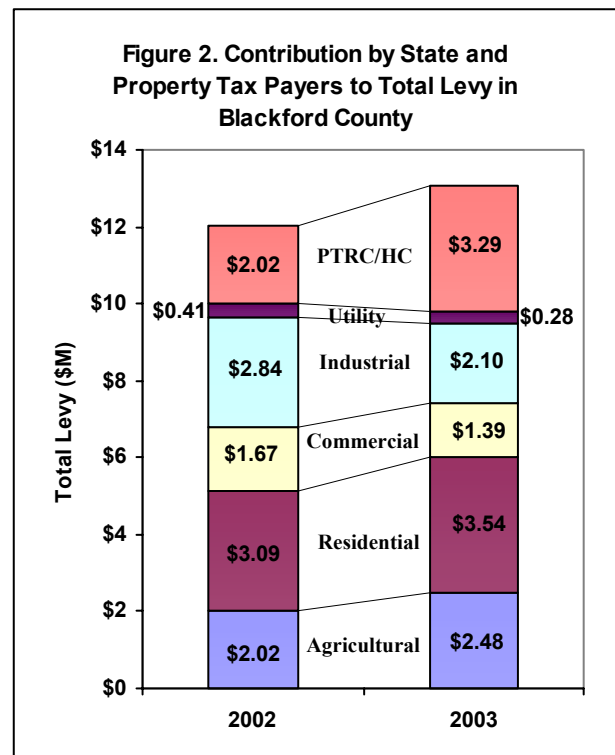
	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead -NO Levy Change -
Increased	64.6%	50.7%	60.0%	44.0%
Decreased	35.4%	49.3%	40.0%	56.0%
Increased 100% or More	24.7%	7.0%	22.9%	5.7%
Decreased 25% or More	16.8%	21.3%	20.5%	27.0%
Average Change (\$)	\$50	-\$23	\$18	-\$59
Average Change (%)	11.7%	-4.1%	4.2%	-10.7%

* Percentages represent the percentage of parcels affected.

Not all of the tax bill change was due to reassessment and tax restructuring. Some was due to increases in the tax levies of local units of government. Table 2 shows estimates of what would have happened had tax levies remained unchanged. The estimates are made by recalculating tax rates for 2003 using tax levies from 2002.

With no levy changes, about 60% of all residential property owners would have seen tax increases, and 40% would have seen tax decreases. For homesteads, 56% would have seen a decrease while 44% would have seen an increase. Apart from levy increases, reassessment and restructuring reduced the taxes of more homeowners than they increased.

Agriculture. Taxes on agricultural property in Blackford County rose. Overall, agricultural business taxes rose more than agricultural homestead taxes. The net assessed value on non-homestead agricultural real property nearly doubled. This reflects the 112% increase in the base rate of farm land, from \$495 to \$1,050 per acre. Agricultural net personal property assessments increased by a smaller amount.



Business. Taxes on industrial and utility property fell in Blackford County because assessed values rose less than residential and agricultural assessments. Business real property was assessed closer to the market value standard under the old assessment rules than was residential property. Consequently, the shift to market value assessment changed business assessments less. The general rise in assessed values in Blackford County reduced tax rates, and this cut tax bills for owners of property with smaller assessment changes, like industry and utilities.

Tax Restructuring. The tax restructuring of 2002 made significant changes to property tax assessments, deductions, credits, and hence to overall tax payments. Restructuring reversed personal property rule changes which the Department of Local Government Finance had put in place. It replaced one tax break for homeowners, known as the shelter allowance, with a larger (in most cases) homestead deduction. Restructuring also increased property tax replacement credits (PTRC) from the existing 20% credit. PTRC on school general fund levies is now 60% for all property. A 20% PTRC is paid to real property owners on civil levies plus the remaining school general fund levies (after the 60% credit). Restructuring also raised the homestead credit to 20% of net qualifying levies, instead of allowing it to revert to 4% of gross qualifying levies in 2003. Figure 2 shows the net levies paid by each property classification along with the PTRC and state homestead credit contributions. The contribution to local levies in Blackford County by PTRC and state homestead credit payments increased by approximately 63% from \$2.0 million to \$3.3 million.

Table 3 shows estimates of how Blackford County tax bills would have changed for each property type had tax restructuring not been adopted. Tax increases for residential and agricultural property owners would have been particularly large. The increases in the homestead deduction and PTRC in the tax restructuring reduced the size of these tax increases. Blackford County residential property taxes still increased because the reassessment business-to-residential tax shift, plus the increase in the tax levy, was not fully offset by the rise in the homestead deduction and higher state PTRC payments. The elimination of PTRC for personal property was responsible for reducing the tax cuts received by commercial and industrial property. The percentage changes in the “With Restructuring” column of Table 3 correspond to the changes in the net levies in Figure 2.

Property Type	No Restructuring (Estimated)	With Restructuring (Actual)	Difference
Agricultural	36.5%	22.6%	-13.9%
Residential (All)	57.5%	14.5%	-43.0%
Homestead Only	77.0%	8.8%	-68.2%
Commercial	-19.3%	-16.4%	2.8%
Industrial	-30.6%	-26.2%	4.4%
Utility	-41.5%	-30.8%	10.7%

List of Attached Summary Tables. Four summary tables are attached to provide additional information regarding assessed values and taxes by property class.

Summary Table 1: Comparison of 2002 and 2003 Net Property Tax Billings by Property Classification. This table summarizes net tax billings for real and personal property by property class. Additional information is provided for subclasses such as homesteads, agricultural homesteads, agricultural land, and rental properties.

Summary Table 2: Comparison of 2002 and 2003 Net Assessed Value by Property Classification. This table summarizes net assessed values for the same property classes described in Summary Table 1.

Summary Table 3: Changes in Assessed Values, Deductions, Credits, and Net Levies. This table summarizes the county-wide changes in tax bill components from 2002 to 2003 for real and personal property by property class.

Summary Table 4: Residential Property Summary. This table summarizes the assessed value and net tax changes from 2002 to 2003 for residential property. The table includes a distribution of net tax changes for comparable residential properties and for the homestead component of residential property. The table also depicts the distribution of changes as if there were no levy increase in 2003.

Blackford County
Changes in Assessed Values, Deductions, Credits and Net Levies
Pay 2002 - Pay 2003

	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Pay 2002							
Real Gross Assessed Value	267,578,650	74,607,138	135,887,592	107,120,999	26,991,991	29,877,382	48,902
Real Deductions	42,532,600	5,510,103	36,850,181	36,850,181	128,950	13,988	0
Real Net Assessed Value	225,046,050	69,097,035	99,037,411	70,270,818	26,863,041	29,863,394	48,902
Personal Gross Assd. Value	100,460,634	5,532,708	2,134,500	0	21,999,635	57,644,481	13,149,310
Personal Deductions	8,165,730	0	0	0	401,880	7,763,850	0
Personal Net Assd. Value	92,294,904	5,532,708	2,134,500	0	21,597,755	49,880,631	13,149,310
Total Gross Assessed Value	368,039,284	80,139,846	138,022,092	107,120,999	48,991,626	87,521,863	13,198,212
Total Deductions	50,698,330	5,510,103	36,850,181	36,850,181	530,830	7,777,838	0
Total Net Assessed Value	317,340,954	74,629,743	101,171,911	70,270,818	48,460,796	79,744,025	13,198,212
Gross Levy	11,999,654	2,379,292	3,884,556	2,677,357	1,945,043	3,315,734	470,427
PTRC (Calculated)	1,666,442	307,289	543,400	373,619	275,603	475,636	63,899
State/County Homestead Cr. (Calculated)	304,675	52,836	251,839	251,839	0	0	0
Net Levy	10,028,537	2,019,167	3,089,318	2,051,900	1,669,440	2,840,098	406,528
Pay 2003							
Real Gross Assessed Value	477,533,930	151,491,463	260,086,405	207,063,250	37,610,189	27,047,192	48,430
Real Deductions	124,566,757	21,543,658	98,947,582	98,947,582	450,962	3,246,408	0
Real Net Assessed Value	352,967,173	129,947,805	161,138,823	108,115,668	37,159,227	23,800,784	48,430
Personal Gross Assd. Value	99,469,011	6,411,766	2,071,008	0	17,508,880	61,955,271	11,522,086
Personal Deductions	11,384,500	0	0	0	312,270	11,072,230	0
Personal Net Assd. Value	88,084,511	6,411,766	2,071,008	0	17,196,610	50,883,041	11,522,086
Total Gross Assessed Value	577,002,941	157,903,229	262,157,413	207,063,250	55,119,069	89,002,463	11,570,516
Total Deductions	135,951,257	21,543,658	98,947,582	98,947,582	763,232	14,318,638	0
Total Net Assessed Value	441,051,684	136,359,571	163,209,831	108,115,668	54,355,837	74,683,825	11,570,516
Gross Levy	13,093,172	3,401,232	5,055,202	3,322,460	1,766,790	2,510,786	331,815
PTRC (Calculated)	2,970,237	874,177	1,251,290	824,017	371,966	415,699	50,353
State/County Homestead Cr. (Calculated)	317,568	50,972	266,596	266,596	0	0	0
Net Levy	9,805,367	2,476,083	3,537,317	2,231,847	1,394,823	2,095,088	281,462
COMPARISONS							
Net Levy Percent Change	-2.2%	22.6%	14.5%	8.8%	-16.4%	-26.2%	-30.8%
Contributions to Tax Bill Changes, 2002-2003							
Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	78.5%	103.1%	91.4%	93.3%	39.3%	-9.5%	-1.0%
Gross Personal AV	-1.0%	15.9%	-3.0%	0.0%	-20.4%	7.5%	-12.4%
Total Gross Assessed Value	56.8%	97.0%	89.9%	93.3%	12.5%	1.7%	-12.3%
Net Assessed Value	39.0%	82.7%	61.3%	53.9%	12.2%	-6.3%	-12.3%
Gross Levy	9.1%	43.0%	30.1%	24.1%	-9.2%	-24.3%	-29.5%
Net Levy	-2.2%	22.6%	14.5%	8.8%	-16.4%	-26.2%	-30.8%
Actual State Credits, 2002 and 2003							
	2002	2003	Change	Change%			
PTRC (Abstract)	1,691,016	2,967,085	1,276,068	75.5%			
State Homestead Cr. (Abstract)	330,099	323,877	-6,222	-1.9%			
Total State Credits (Abstract)	2,021,115	3,290,961	1,269,846	62.8%			

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Blackford County

Property Classification	2002	2003	Difference***	Change***	2002	2003	Change
	Net Tax	Net Tax			% of Total Real + Pers	% of Total Real + Pers	
<u>Real + Personal</u>							
Agricultural	2,019,167	2,476,083	456,916	22.6%	20.1%	25.2%	5.1%
Residential	3,089,318	3,537,317	447,999	14.5%	30.8%	36.0%	5.3%
Commercial	1,669,440	1,394,823	-274,617	-16.4%	16.6%	14.2%	-2.4%
Industrial	2,840,098	2,095,088	-745,010	-26.2%	28.3%	21.3%	-6.9%
Utility	406,528	281,462	-125,066	-30.8%	4.0%	2.9%	-1.2%
Exempt	10,887	12,297	1,410	13.0%	0.1%	0.1%	0.0%
Undefined	3,985	20,595	16,610	416.8%	0.0%	0.2%	0.2%
Total	10,039,423	9,817,665	-221,758	-2.2%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	1,865,415	2,343,609	478,194	25.6%	18.6%	23.9%	5.3%
Residential	3,023,247	3,492,462	469,215	15.5%	30.1%	35.6%	5.5%
Commercial	927,951	920,666	-7,285	-0.8%	9.2%	9.4%	0.1%
Industrial	1,067,533	609,871	-457,662	-42.9%	10.6%	6.2%	-4.4%
Utility	1,676	1,181	-495	-29.5%	0.0%	0.0%	0.0%
Exempt	10,887	12,297	1,410	13.0%	0.1%	0.1%	0.0%
Undefined	3,985	20,595	16,610	416.8%	0.0%	0.2%	0.2%
Total	6,900,694	7,400,681	499,987	7.2%	68.7%	75.4%	6.6%
Agricultural Homesteads	851,459	1,006,154	154,695	18.2%	8.5%	10.2%	1.8%
Residential Homesteads	2,051,900	2,231,847	179,947	8.8%	20.4%	22.7%	2.3%
Total Homesteads	2,903,359	3,238,001	334,642	11.5%	28.9%	33.0%	4.1%
Non-Homestead Residential	971,346	1,260,615	289,269	29.8%	9.7%	12.8%	3.2%
Apartments (Over 4 Units)	201,249	196,997	-4,252	-2.1%	2.0%	2.0%	0.0%
<u>Personal Property Only</u>							
Agricultural	153,752	132,474	-21,278	-13.8%	1.5%	1.3%	-0.2%
Residential	66,072	44,854	-21,218	-32.1%	0.7%	0.5%	-0.2%
Commercial	741,489	474,157	-267,332	-36.1%	7.4%	4.8%	-2.6%
Industrial	1,772,565	1,485,217	-287,348	-16.2%	17.7%	15.1%	-2.5%
Utility	404,852	280,280	-124,572	-30.8%	4.0%	2.9%	-1.2%
Total	3,138,730	2,416,982	-721,748	-23.0%	31.3%	24.6%	-6.6%
Total Depreciables	2,204,036	1,715,318	-488,718	-22.2%	22.0%	17.5%	-4.5%
Total Inventory	868,622	656,811	-211,811	-24.4%	8.7%	6.7%	-2.0%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	1,013,956	1,337,455	323,499	31.9%	10.1%	13.6%	3.5%
Ag Personal	153,752	132,474	-21,278	-13.8%	1.5%	1.3%	-0.2%
Total Ag Business	1,167,708	1,469,929	302,221	25.9%	11.6%	15.0%	3.3%
Ag Homesteads	851,459	1,006,154	154,695	18.2%	8.5%	10.2%	1.8%

* "Tax billings" for real property refers to the net taxes charged per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Tax billings" for personal property refers to the net taxes charged on the personal property assessed value reported on the county auditor's abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net tax changes from 2002 to 2003 include effects of changes in assessment methods, local levies, real property physical characteristics, property use, personal property held or acquired, deductions, and credits.

Comparison of 2002 and 2003 Net Assessed Value*
(Scaled to Abstract Values)
By Property Classification**
Blackford County

Property Classification	2002	2003	Difference***	Change***	2002	2003	Change
	Net AV	Net AV			% of Total Real + Pers	% of Total Real + Pers	
<u>Real + Personal</u>							
Agricultural	74,629,743	136,359,571	61,729,828	82.7%	23.5%	30.9%	7.4%
Residential	101,171,911	163,209,831	62,037,920	61.3%	31.9%	37.0%	5.1%
Commercial	48,460,796	54,355,837	5,895,041	12.2%	15.3%	12.3%	-2.9%
Industrial	79,744,025	74,683,825	-5,060,200	-6.3%	25.1%	16.9%	-8.2%
Utility	13,198,212	11,570,516	-1,627,696	-12.3%	4.2%	2.6%	-1.5%
Exempt	309,900	481,100	171,200	55.2%	0.1%	0.1%	0.0%
Undefined	136,266	872,104	735,838	540.0%	0.0%	0.2%	0.2%
Total	317,650,853	441,532,784	123,881,931	39.0%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	69,097,035	129,947,805	60,850,770	88.1%	21.8%	29.4%	7.7%
Residential	99,037,411	161,138,823	62,101,412	62.7%	31.2%	36.5%	5.3%
Commercial	26,863,041	37,159,227	10,296,186	38.3%	8.5%	8.4%	0.0%
Industrial	29,863,394	23,800,784	-6,062,610	-20.3%	9.4%	5.4%	-4.0%
Utility	48,902	48,430	-472	-1.0%	0.0%	0.0%	0.0%
Exempt	309,900	481,100	171,200	55.2%	0.1%	0.1%	0.0%
Undefined	136,266	872,104	735,838	540.0%	0.0%	0.2%	0.2%
Total	225,355,949	353,448,273	128,092,324	56.8%	70.9%	80.1%	9.1%
Agricultural Homesteads	32,578,585	57,410,034	24,831,449	76.2%	10.3%	13.0%	2.7%
Residential Homesteads	70,270,818	108,115,668	37,844,850	53.9%	22.1%	24.5%	2.4%
Total Homesteads	102,849,403	165,525,702	62,676,299	60.9%	32.4%	37.5%	5.1%
Non-Homestead Residential	28,766,592	53,023,156	24,256,564	84.3%	9.1%	12.0%	3.0%
Apartments (Over 4 Units)	5,684,354	7,703,001	2,018,647	35.5%	1.8%	1.7%	0.0%
<u>Personal Property Only</u>							
Agricultural	5,532,708	6,411,766	879,058	15.9%	1.7%	1.5%	-0.3%
Residential	2,134,500	2,071,008	-63,492	-3.0%	0.7%	0.5%	-0.2%
Commercial	21,597,755	17,196,610	-4,401,145	-20.4%	6.8%	3.9%	-2.9%
Industrial	49,880,631	50,883,041	1,002,410	2.0%	15.7%	11.5%	-4.2%
Utility	13,149,310	11,522,086	-1,627,224	-12.4%	4.1%	2.6%	-1.5%
Total	92,294,904	88,084,511	-4,210,393	-4.6%	29.1%	19.9%	-9.1%
Total Depreciables	64,828,667	62,721,981	-2,106,686	-3.2%	20.4%	14.2%	-6.2%
Total Inventory	25,331,737	23,291,522	-2,040,215	-8.1%	8.0%	5.3%	-2.7%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	36,518,450	72,537,770	36,019,320	98.6%	11.5%	16.4%	4.9%
Ag Personal	5,532,708	6,411,766	879,058	15.9%	1.7%	1.5%	-0.3%
Total Ag Business	42,051,158	78,949,536	36,898,378	87.7%	13.2%	17.9%	4.6%
Ag Homesteads	32,578,585	57,410,034	24,831,449	76.2%	10.3%	13.0%	2.7%

* "Net Assessed Value" for real property refers to the gross AV less deductions per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Net Assessed Value" for personal property refers to the gross personal property assessed value reported on the county auditor's abstract less the deductions reported on the abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net AV changes from 2002 to 2003 include effects of changes in assessment methods, real property physical characteristics, property use, personal property held or acquired, and deductions.

**Blackford County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2001 to 2003	Change in Net AV 2001 to 2003	Change in Net Tax 2002 to 2003	Change in Net Tax With NO Cert. Levy Chg. 2002 to 2003
All Real Residential Properties	103%	64%	16%	8%
Comparable Residential Real Prop.	96%	57%	12%	4%
Comparable Homesteads	94%	38%	-4%	-11%

Distribution of Net Tax Changes on Comparable Residential Property

% Change	2002 to 2003 Actual Bills All Residential Property		2002 to 2003 Actual Bills Homesteads Only		2002 to 2003 Recomputed Bills With NO Certified Levy Change All Residential Property		2002 to 2003 Recomputed Bills With NO Certified Levy Change Homesteads	
Over 300%	399	5.8%	53	1.3%	323	4.7%	43	1.1%
200% to 300%	410	6.0%	61	1.5%	381	5.5%	61	1.5%
100% to 200%	890	12.9%	170	4.2%	875	12.7%	128	3.1%
50% to 100%	855	12.4%	445	10.9%	744	10.8%	363	8.9%
25% to 50%	770	11.2%	487	12.0%	696	10.1%	424	10.4%
10% to 25%	569	8.3%	416	10.2%	540	7.8%	360	8.8%
5% to 10%	208	3.0%	162	4.0%	205	3.0%	149	3.7%
0 to 5%	349	5.1%	269	6.6%	367	5.3%	264	6.5%
0 to -5%	240	3.5%	206	5.1%	228	3.3%	193	4.7%
-5% to -10%	300	4.4%	270	6.6%	249	3.6%	210	5.2%
-10% to -25%	741	10.8%	663	16.3%	865	12.6%	776	19.1%
-25% to -50%	720	10.5%	631	15.5%	918	13.3%	808	19.9%
Below -50%	434	6.3%	237	5.8%	494	7.2%	291	7.1%
	6,885	100.0%	4,070	100.0%	6,885	100.0%	4,070	100.0%
Parcels With Increases	4,450	64.6%	2,063	50.7%	4,131	60.0%	1,792	44.0%
Parcels With Reductions	2,435	35.4%	2,007	49.3%	2,754	40.0%	2,278	56.0%
Average \$ Change		\$50		-\$23		\$18		-\$59
Average % Change		11.7%		-4.1%		4.2%		-10.7%

"Comparable Properties" = Properties with a record in both years that have improvements in both years OR no improvements in both years.

Data Source: 2001 and 2003 Blackford County Parcel Tax Data

Prepared by Legislative Services Agency, June 2005