

Property Tax Payments, 2002-2003 - Delaware 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.

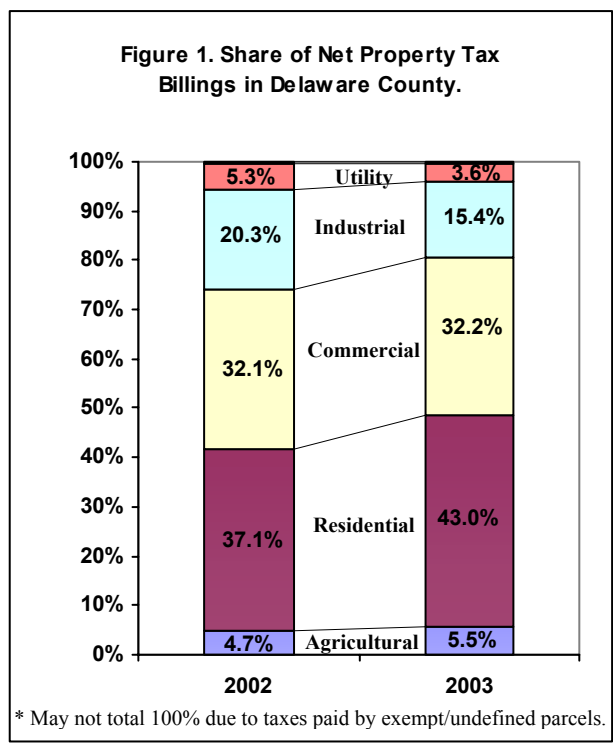
State Tax Credits Increased in Delaware County from \$19.5 Million in 2002 to \$32.9 Million in 2003.

The General Assembly's restructuring provisions increased state tax credits statewide in 2003 from \$1.12 billion to \$1.87 billion, an increase of approximately \$748 million. In Delaware County, state tax credits

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	117.4%	104.9%	21.8%
Residential (All)	118.5%	85.1%	20.7%
Homestead Only	117.0%	72.5%	9.3%
Commercial	52.3%	50.9%	4.5%
Industrial	8.3%	3.9%	-20.9%
Utility	-8.6%	-8.6%	-29.6%
Avg. All Classes	76.0%	57.1%	4.4%

increased from \$19.5 million to \$32.9 million, an increase of \$13.4 million. This paper provides a brief summary of how these factors changed property tax liabilities in Delaware County.

Tax Shifts. Delaware County saw a property tax shift from industrial and utility property owners to agricultural, residential, and commercial property owners. Tax bills paid by residential, commercial, and agricultural property owners increased, while tax bills paid by industrial and utility 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, commercial, and agricultural property increased more than the assessed values of industrial and utility property. Gross assessed values of agricultural and residential property more than doubled. Commercial property rose more than 50%. Industrial assessments rose much less, 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 Delaware County saw their tax bills increase by a smaller amount than the average residential property increase. Owners of agricultural homesteads saw their tax bills increase by an amount that was slightly more 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 Delaware County, substantially more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, more homestead owners also saw increases rather than decreases.

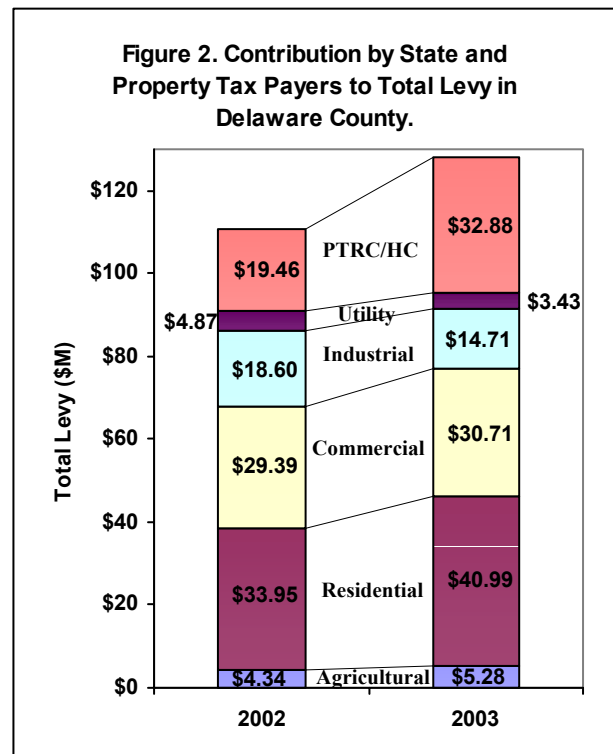
	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead - NO Levy Change -
Increased	71.6%	57.5%	63.5%	46.2%
Decreased	28.4%	42.5%	36.5%	53.8%
Increased 100% or More	24.6%	13.5%	20.0%	11.0%
Decreased 25% or More	8.3%	11.1%	14.0%	20.3%
Average Change (\$)	\$132	\$27	\$46	-\$67
Average Change (%)	17.4%	2.9%	6.1%	-7.2%

* 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, 64% of all residential property owners would have seen tax increases, and 36% would have seen tax decreases. However, for homesteads, more than half would have seen tax decreases, and less than half would have seen increases. Apart from levy increases, reassessment and restructuring reduced the taxes of slightly more homeowners than they increased.

Agriculture. Taxes on agricultural property in Delaware County rose. Overall, agricultural business taxes rose by about the same percentage as agricultural homestead taxes. The net assessed value on non-homestead agricultural real property more than 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 Delaware County because assessed values rose much less than residential, commercial, 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 increased business assessments less. The general rise in assessed values in Delaware County reduced tax rates, and this cut tax bills for owners of property with smaller assessment increases, like utilities and industries.

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 Delaware County by PTRC and state homestead credit payments increased by approximately 69%, from \$19.5 million to \$32.9 million.

Table 3 shows estimates of how Delaware 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 even larger than they were. The increases in the homestead deduction and PTRC in the tax restructuring reduced the size of these tax increases. Delaware 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 on personal property was responsible for increasing taxes for commercial property and reducing the tax cuts received by industrial and utility 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	32.4%	21.8%	-10.6%
Residential (All)	62.9%	20.7%	-42.2%
Homestead Only	71.0%	9.3%	-61.7%
Commercial	1.6%	4.5%	2.9%
Industrial	-27.8%	-20.9%	6.9%
Utility	-42.2%	-29.6%	12.6%

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.

Delaware 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	2,103,265,350	163,433,104	1,298,491,995	1,050,304,356	511,917,371	129,365,626	57,255
Real Deductions	272,656,586	10,575,164	246,411,684	246,411,684	8,521,085	7,148,653	0
Real Net Assessed Value	1,830,608,764	152,857,940	1,052,080,311	803,892,672	503,396,286	122,216,973	57,255
Personal Gross Assd. Value	776,908,904	11,606,330	8,554,900	0	265,503,324	358,020,403	133,223,948
Personal Deductions	57,061,340	0	6,110	0	34,247,170	22,808,060	0
Personal Net Assd. Value	719,847,564	11,606,330	8,548,790	0	231,256,154	335,212,343	133,223,948
Total Gross Assessed Value	2,880,174,254	175,039,434	1,307,046,895	1,050,304,356	777,420,694	487,386,028	133,281,203
Total Deductions	329,717,926	10,575,164	246,417,794	246,411,684	42,768,255	29,956,713	0
Total Net Assessed Value	2,550,456,328	164,464,270	1,060,629,101	803,892,672	734,652,439	457,429,315	133,281,203
Gross Levy	110,851,548	5,137,183	43,294,143	31,991,522	34,744,813	21,962,377	5,713,033
PTRC (Calculated)	16,523,696	680,628	6,282,362	4,591,123	5,352,667	3,364,556	843,482
State/County Homestead Cr. (Calculated)	3,177,391	115,918	3,061,473	3,061,473	0	0	0
Net Levy	91,150,461	4,340,637	33,950,307	24,338,925	29,392,145	18,597,821	4,869,551
Pay 2003							
Real Gross Assessed Value	4,226,151,740	366,853,806	2,847,478,248	2,279,053,231	875,343,073	136,409,995	66,618
Real Deductions	963,444,251	43,589,820	892,566,664	892,566,664	16,672,393	10,615,374	0
Real Net Assessed Value	3,262,707,489	323,263,986	1,954,911,584	1,386,486,567	858,670,680	125,794,621	66,618
Personal Gross Assd. Value	844,389,562	13,686,869	8,801,561	0	308,464,890	391,626,782	121,809,460
Personal Deductions	100,460,880	0	2,320	0	58,236,720	42,221,840	0
Personal Net Assd. Value	743,928,682	13,686,869	8,799,241	0	250,228,170	349,404,942	121,809,460
Total Gross Assessed Value	5,070,541,302	380,540,675	2,856,279,809	2,279,053,231	1,183,807,963	528,036,777	121,876,078
Total Deductions	1,063,905,131	43,589,820	892,568,984	892,566,664	74,909,113	52,837,214	0
Total Net Assessed Value	4,006,636,171	336,950,855	1,963,710,825	1,386,486,567	1,108,898,850	475,199,563	121,876,078
Gross Levy	128,832,680	7,434,523	60,146,236	40,761,491	39,842,352	17,433,608	3,975,961
PTRC (Calculated)	30,016,932	2,010,614	15,601,032	10,611,078	9,136,186	2,719,614	549,487
State/County Homestead Cr. (Calculated)	3,694,422	139,107	3,555,315	3,555,315	0	0	0
Net Levy	95,121,325	5,284,802	40,989,890	26,595,098	30,706,166	14,713,994	3,426,474

COMPARISONS

Net Levy Percent Change	4.4%	21.8%	20.7%	9.3%	4.5%	-20.9%	-29.6%
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Contributions to Tax Bill Changes, 2002-2003

Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	100.9%	124.5%	119.3%	117.0%	71.0%	5.4%	16.4%
Gross Personal AV	8.7%	17.9%	2.9%	0.0%	16.2%	9.4%	-8.6%
Total Gross Assessed Value	76.0%	117.4%	118.5%	117.0%	52.3%	8.3%	-8.6%
Net Assessed Value	57.1%	104.9%	85.1%	72.5%	50.9%	3.9%	-8.6%
Gross Levy	16.2%	44.7%	38.9%	27.4%	14.7%	-20.6%	-30.4%
Net Levy	4.4%	21.8%	20.7%	9.3%	4.5%	-20.9%	-29.6%

Actual State Credits, 2002 and 2003

	2002	2003	Change	Change%
PTRC (Abstract)	16,249,459	29,209,392	12,959,933	79.8%
State Homestead Cr. (Abstract)	3,214,949	3,671,159	456,210	14.2%
Total State Credits (Abstract)	19,464,407	32,880,551	13,416,144	68.9%

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Delaware 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	4,340,637	5,284,802	944,165	21.8%	4.7%	5.5%	0.8%
Residential	33,950,307	40,989,890	7,039,583	20.7%	37.1%	43.0%	5.9%
Commercial	29,392,145	30,706,166	1,314,021	4.5%	32.1%	32.2%	0.1%
Industrial	18,597,821	14,713,994	-3,883,827	-20.9%	20.3%	15.4%	-4.9%
Utility	4,869,551	3,426,474	-1,443,077	-29.6%	5.3%	3.6%	-1.7%
Exempt	451,355	302,934	-148,421	-32.9%	0.5%	0.3%	-0.2%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	91,601,816	95,424,260	3,822,444	4.2%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	4,031,848	5,041,997	1,010,149	25.1%	4.4%	5.3%	0.9%
Residential	33,686,959	40,823,553	7,136,594	21.2%	36.8%	42.8%	6.0%
Commercial	20,376,993	23,217,411	2,840,418	13.9%	22.2%	24.3%	2.1%
Industrial	4,693,516	3,202,509	-1,491,007	-31.8%	5.1%	3.4%	-1.8%
Utility	2,055	1,467	-588	-28.6%	0.0%	0.0%	0.0%
Exempt	451,355	302,934	-148,421	-32.9%	0.5%	0.3%	-0.2%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	63,242,726	72,589,871	9,347,145	14.8%	69.0%	76.1%	7.0%
Agricultural Homesteads	1,690,214	2,061,901	371,687	22.0%	1.8%	2.2%	0.3%
Residential Homesteads	24,338,925	26,595,098	2,256,173	9.3%	26.6%	27.9%	1.3%
Total Homesteads	26,029,139	28,656,999	2,627,860	10.1%	28.4%	30.0%	1.6%
Non-Homestead Residential	9,348,034	14,228,455	4,880,421	52.2%	10.2%	14.9%	4.7%
Apartments (Over 4 Units)	3,719,098	4,768,274	1,049,176	28.2%	4.1%	5.0%	0.9%
<u>Personal Property Only</u>							
Agricultural	308,789	242,804	-65,985	-21.4%	0.3%	0.3%	-0.1%
Residential	263,348	166,336	-97,012	-36.8%	0.3%	0.2%	-0.1%
Commercial	9,015,152	7,488,754	-1,526,398	-16.9%	9.8%	7.8%	-2.0%
Industrial	13,904,304	11,511,485	-2,392,819	-17.2%	15.2%	12.1%	-3.1%
Utility	4,867,496	3,425,007	-1,442,489	-29.6%	5.3%	3.6%	-1.7%
Total	28,359,089	22,834,386	-5,524,703	-19.5%	31.0%	23.9%	-7.0%
Total Depreciables	20,177,031	16,116,818	-4,060,213	-20.1%	22.0%	16.9%	-5.1%
Total Inventory	7,918,710	6,551,233	-1,367,477	-17.3%	8.6%	6.9%	-1.8%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	2,341,634	2,980,096	638,462	27.3%	2.6%	3.1%	0.6%
Ag Personal	308,789	242,804	-65,985	-21.4%	0.3%	0.3%	-0.1%
Total Ag Business	2,650,423	3,222,900	572,477	21.6%	2.9%	3.4%	0.5%
Ag Homesteads	1,690,214	2,061,901	371,687	22.0%	1.8%	2.2%	0.3%

* "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**
Delaware 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	164,464,270	336,950,855	172,486,585	104.9%	6.4%	8.4%	2.0%
Residential	1,060,629,101	1,963,710,825	903,081,724	85.1%	41.4%	48.9%	7.5%
Commercial	734,652,439	1,108,898,850	374,246,411	50.9%	28.7%	27.6%	-1.1%
Industrial	457,429,315	475,199,563	17,770,248	3.9%	17.9%	11.8%	-6.0%
Utility	133,281,203	121,876,078	-11,405,125	-8.6%	5.2%	3.0%	-2.2%
Exempt	10,938,300	11,108,020	169,720	1.6%	0.4%	0.3%	-0.2%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	2,561,394,628	4,017,744,191	1,456,349,563	56.9%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	152,857,940	323,263,986	170,406,046	111.5%	6.0%	8.0%	2.1%
Residential	1,052,080,311	1,954,911,584	902,831,273	85.8%	41.1%	48.7%	7.6%
Commercial	503,396,286	858,670,680	355,274,394	70.6%	19.7%	21.4%	1.7%
Industrial	122,216,973	125,794,621	3,577,648	2.9%	4.8%	3.1%	-1.6%
Utility	57,255	66,618	9,363	16.4%	0.0%	0.0%	0.0%
Exempt	10,938,300	11,108,020	169,720	1.6%	0.4%	0.3%	-0.2%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	1,841,547,065	3,273,815,509	1,432,268,444	77.8%	71.9%	81.5%	9.6%
Agricultural Homesteads	66,702,915	137,471,098	70,768,183	106.1%	2.6%	3.4%	0.8%
Residential Homesteads	803,892,672	1,386,486,567	582,593,895	72.5%	31.4%	34.5%	3.1%
Total Homesteads	870,595,587	1,523,957,665	653,362,078	75.0%	34.0%	37.9%	3.9%
Non-Homestead Residential	248,187,639	568,425,017	320,237,378	129.0%	9.7%	14.1%	4.5%
Apartments (Over 4 Units)	88,439,543	167,900,419	79,460,876	89.8%	3.5%	4.2%	0.7%
<u>Personal Property Only</u>							
Agricultural	11,606,330	13,686,869	2,080,539	17.9%	0.5%	0.3%	-0.1%
Residential	8,548,790	8,799,241	250,451	2.9%	0.3%	0.2%	-0.1%
Commercial	231,256,154	250,228,170	18,972,016	8.2%	9.0%	6.2%	-2.8%
Industrial	335,212,343	349,404,942	14,192,599	4.2%	13.1%	8.7%	-4.4%
Utility	133,223,948	121,809,460	-11,414,488	-8.6%	5.2%	3.0%	-2.2%
Total	719,847,565	743,928,682	24,081,117	3.3%	28.1%	18.5%	-9.6%
Total Depreciables	509,820,295	523,890,477	14,070,182	2.8%	19.9%	13.0%	-6.9%
Total Inventory	201,478,479	211,238,964	9,760,485	4.8%	7.9%	5.3%	-2.6%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	86,155,024	185,792,888	99,637,864	115.6%	3.4%	4.6%	1.3%
Ag Personal	11,606,330	13,686,869	2,080,539	17.9%	0.5%	0.3%	-0.1%
Total Ag Business	97,761,354	199,479,757	101,718,403	104.0%	3.8%	5.0%	1.1%
Ag Homesteads	66,702,915	137,471,098	70,768,183	106.1%	2.6%	3.4%	0.8%

* "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.

**Delaware County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2002 to 2003	Change in Net AV 2002 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	119%	84%	20%	8%
Comparable Residential Real Prop.	115%	80%	17%	6%
Comparable Homesteads	110%	63%	3%	-7%

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%	1,997	4.5%	1,124	4.1%	1,633	3.7%	922	3.4%
200% to 300%	2,067	4.7%	613	2.3%	1,508	3.4%	554	2.0%
100% to 200%	6,790	15.4%	1,937	7.1%	5,705	12.9%	1,515	5.6%
50% to 100%	6,770	15.3%	2,537	9.4%	6,105	13.8%	2,163	8.0%
25% to 50%	5,289	12.0%	2,733	10.1%	4,954	11.2%	2,055	7.6%
10% to 25%	3,744	8.5%	2,827	10.4%	3,679	8.3%	2,161	8.0%
5% to 10%	1,543	3.5%	1,311	4.8%	1,287	2.9%	958	3.5%
0 to 5%	3,415	7.7%	2,509	9.3%	3,194	7.2%	2,202	8.1%
0 to -5%	1,763	4.0%	1,620	6.0%	1,683	3.8%	1,425	5.3%
-5% to -10%	1,889	4.3%	1,798	6.6%	1,920	4.3%	1,678	6.2%
-10% to -25%	5,225	11.8%	5,067	18.7%	6,300	14.3%	5,980	22.1%
-25% to -50%	2,954	6.7%	2,744	10.1%	5,255	11.9%	5,012	18.5%
Below -50%	722	1.6%	283	1.0%	945	2.1%	478	1.8%
	44,168	100.0%	27,103	100.0%	44,168	100.0%	27,103	100.0%
Parcels With Increases	31,615	71.6%	15,591	57.5%	28,065	63.5%	12,530	46.2%
Parcels With Reductions	12,553	28.4%	11,512	42.5%	16,103	36.5%	14,573	53.8%
Average \$ Change		\$132		\$27		\$46		-\$67
Average % Change		17.4%		2.9%		6.1%		-7.2%

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

Data Source: 2002 and 2003 County Parcel Tax Data - County Auditor and County Assessor
Prepared by Legislative Services Agency, June 2005