



# STATE OF INDIANA

Mitchell E. Daniels, Jr.  
Governor

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## OFFICE OF MANAGEMENT & BUDGET

Ryan Kitchell  
Director

December 15, 2008

Mr. William Sampson  
Town Board President  
Town of Monroe City  
P.O. Box 512  
Monroe City, IN 47557

Dear Mr. Sampson,

This letter acknowledges the Distressed Unit Appeals Board's ("DUAB") receipt, on December 5<sup>th</sup>, 2008, of the DUAB petition and financial plan for the Town of Monroe City.

For property taxes first due and payable in 2008 and thereafter, the fiscal body of a distressed political subdivision may petition the DUAB for relief from the circuit breaker credit for a calendar year. IC 6-1.1-20.3-6(a). A "distressed political subdivision" is defined as a political subdivision that expects to have its property tax collections reduced by at least five percent (5%) in a calendar year as a result of the circuit breaker credit. IC 6-1.1-20.3-2.

While the DUAB Administrative Policies and Procedures did not require a DUAB petition to include an estimate of the political subdivision's estimated reduction in property tax revenue due to the circuit breaker credits, the DUAB will need to consider such an estimate before it grants relief. We reviewed the Legislative Service Agency's (LSA) most recent 2009 estimate for Monroe City (see attachment) to determine whether LSA projected at least a 5% property tax revenue reduction for Monroe City due to the circuit breaker credits. As you can see in the attachment, LSA projects a \$7 decrease for Monroe City in 2009 and a \$95 (0.5%) decrease in 2010.

As a result we have concerns whether Monroe City qualifies as a "distressed political subdivision" that is eligible for relief from the DUAB. In light of these concerns, I will call you next week so we can discuss the next steps for Monroe City's petition.

In the meantime, if you have any questions or comments please contact me at (317) 234-2115 or [chatkins@omb.in.gov](mailto:chatkins@omb.in.gov).

Sincerely,

Christopher D. Atkins  
General Counsel and Policy Director  
Indiana Office of Management and Budget  
1 North Capitol, Suite 900  
Indianapolis, IN 46204

cc: Ryan Kitchell

Potential Circuit Breaker Credits

HEA 1001 (2008)

2008 Only: Additional \$620 M in Homestead Credits (In Addition to Additional \$250 M Under Current Law)

2009+: Eliminate Levies For State Fair & Forestry, School General Fund, Pre-1977 Public Safety Pensions, Fam & Child, Children's Psych. Res. Trnmt, Med Asst to Wards, Children with Spec. Health Care Needs, HCI, and Juvenile Incarceration

2009+: Eliminate State Property Tax Replacement and Existing Homestead Credits; Replace With Homestead Credit = \$140 M in 2009, \$80 M in 2010

2009+: Assumes LOTT Replacement Credits Only For Counties That Have Already Adopted For 2008

2009+: Standard Deduction = \$45,000 up to 60% of AV; Supplemental Deduction Based on Homestead AV Remaining After Standard Deduction: 35% of 1st \$600,000 Net AV and 25% of Net AV that Exceeds \$600,000

2009: Circ Break: 1.5% For Hmstds, 2.5% For Res Rentals, Apartments, Ag Land, Mobile Home Land, and LT Care Fac, and 3.5% For All Other Real and Pers Prop; Senior Incr Limited to 2% FY; Lake and St. Joseph Debt Exclusion

2010: Circ Break: 1.0% For Hmstds, 2.0% For Res Rentals, Apartments, Ag Land, Mobile Home Land, and LT Care Fac, and 3.0% For All Other Real and Pers Prop; Senior Incr Limited to 2% FY; Lake and St. Joseph Debt Exclusion

\*\* Estimated Budget Appropriations Only Include Funds With Property Tax Levies and are Allocated Between Counties Based on Levy For Cross-County Units

County	Unit Name	Current Law Estimates, HEA 1001 & 1478 (2007)			Proposed Circuit Breaker Estimates			Estimated CHANGE				
		2008	2009	2010	2008	2009	2010	2008	2009	2010		
		Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$	Total Estimated Credit \$		
Knox	Decker Civil Town	0	0	0	0	653	2,068	2.5%	14.8%	0	693	2,068
Knox	Edwardsport Civil Town	0	0	0	0	1,592	3,920	6.7%	15.7%	0	1,592	3,920
Knox	Monroe City Civil Town	0	0	0	0	7	95	0.2%	0.5%	0	7	95
Knox	Oaktown Civil Town	0	3	3	0	147	3,306	3.3%	8.4%	0	144	3,303
Knox	Sandborn Civil Town	0	0	0	0	1,040	4,575	4.2%	11.2%	0	1,040	4,575
Knox	Wheeland Civil Town	0	0	0	0	304	2,883	6.1%	7.3%	0	304	2,883
Knox	North Knox School Corporation	146	223	28,436	0	96,460	195,280	4.4%	6.9%	16	96,237	166,844
Knox	South Knox School Corporation	0	0	0	0	2,903	34,033	0.7%	1.0%	0	2,903	34,033
Knox	Vincennes Community School Corporation	2,756	20,420	130,561	16	8,576	14,591	6.9%	13.4%	2	382,524	844,389
Knox	Bicknell Public Library	14	22	2,814	114	44,301	112,204	7.1%	9.6%	0	42,125	11,777
Knox	Knox County Public Library	295	2,176	13,913	0	7,208	27,360	1.5%	2.9%	0	7,208	27,048
Knox	Vincennes Township Fire	0	0	0	0	278	1,871	3.3%	2.5%	0	278	1,871
Knox	South Vigo Township Fire	0	0	0	0	482	1,836	2.3%	3.3%	0	482	1,836
Knox	Vigo Central Community Fire	0	0	0	0	0	2,313	0.9%	1.5%	0	482	2,313
Knox	Johnson Township Community Fire	0	0	0	0	0	0	0.0%	0.0%	0	0	0
Knox	Knox County Solid Waste Management Distir	0	0	0	0	0	0	0.0%	0.0%	0	0	0
Knox	Vincennes Redevelopment Commission	0	0	0	0	0	0	0.0%	0.0%	0	0	0
Knox	Slate Unit	0	0	0	0	0	0	0.0%	0.0%	0	0	0
Kosciusko	Kosciusko County	0	0	0	0	617	18,581	0.1%	0.2%	0	617	18,581
Kosciusko	Clay Township	0	0	0	0	0	18	0.0%	0.0%	0	0	18
Kosciusko	Elna Township	0	0	0	0	0	5	0.0%	0.0%	0	0	5
Kosciusko	Franklin Township	0	0	0	0	1	546	0.4%	1.0%	0	0	546
Kosciusko	Harrison Township	0	0	0	0	37	888	0.4%	0.8%	0	37	888
Kosciusko	Jackson Township	0	0	0	0	9	431	0.4%	0.7%	0	9	431
Kosciusko	Jefferson Township	0	0	0	0	40	471	0.7%	1.3%	0	40	471
Kosciusko	Lake Township	0	0	0	0	1	52	0.1%	0.1%	0	1	52
Kosciusko	Monroe Township	0	0	0	0	0	48	0.0%	0.3%	0	0	48
Kosciusko	Plain Township	0	0	0	0	0	5	0.0%	0.0%	0	0	5
Kosciusko	Prairie Township	0	0	0	0	0	48	0.2%	0.4%	0	0	48
Kosciusko	Scott Township	0	0	0	0	1	50	0.0%	0.0%	0	1	50
Kosciusko	Seward Township	0	0	0	0	0	3	0.0%	0.0%	0	0	3
Kosciusko	Tippacaw Township	0	0	0	0	0	16	0.0%	0.0%	0	0	16
Kosciusko	Turkey Creek Township	0	0	0	0	0	527	0.3%	0.5%	0	0	527
Kosciusko	Van Buren Township	0	0	0	0	0	1,256	0.1%	0.2%	0	19	1,256
Kosciusko	Washington Township	0	0	0	0	19	44,173	0.3%	0.5%	0	672	44,173
Kosciusko	Wayne Township	0	0	0	0	672	16,272	5.1%	9.7%	0	1,929	16,272
Kosciusko	Warsaw Civil City	0	0	0	0	1	98	0.5%	0.5%	0	1	98
Kosciusko	Neppanee Civil City	0	0	0	0	0	76	0.0%	0.1%	0	0	76
Kosciusko	Burket Civil Town	0	0	0	0	0	52	0.0%	0.1%	0	0	52
Kosciusko	Claypool Civil Town	0	0	0	0	9	239	0.1%	0.3%	0	9	239
Kosciusko	Elna Green Civil Town	0	0	0	0	874	11,093	2.7%	4.7%	-1	873	11,092
Kosciusko	Leesburg Civil Town	0	0	0	0	7	379	0.0%	0.1%	0	7	379
Kosciusko	Mentione Civil Town	1	1	1	0	19	331	0.0%	0.1%	0	19	331
Kosciusko	Miford Civil Town	0	0	0	0	0	105	0.0%	0.1%	0	0	105
Kosciusko	North Webster Civil Town	0	0	0	0	0	266	0.2%	2.1%	0	29	266
Kosciusko	Piercetown Civil Town	0	0	0	0	0	0	0.0%	0.0%	0	0	0
Kosciusko	Sidney Civil Town	0	0	0	0	0	0	0.0%	0.0%	0	0	0

\*2nd homes and short-term rentals cannot be split from principal residence rentals. All non-homesstead res credits were calculated at the 2% threshold.

Credits by taxing unit may not add to taxing district totals due to rounding.

LSA, 3/17/2008