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<APP>CUSTOM  
<MSG>Richard Barnes, Ph.D.  
739 N Montgomery St  
Gary, IN 46403  
(219) 938-7360

TO: Members of the DUAB  
RE: Gary's 2011 Petition for Exemptions from State Imposed Property Tax Caps  
DATE: March 7, 2011

To Whom It May Concern:

In 2009 and again in 2010, the Distressed Unit Appeals Board, of which you are an appointed member, has favorably decided with the City of Gary, Indiana, in its request to be exempted from tax cap protection granted to every other resident and property tax payer in the State of Indiana. The result has been to tax the residents of Gary, Indiana fifty-percent ( 50 % ) more in property taxes.

We have had two years to evaluate the social and economic implications of this tax cap exemption and the results have been devastating to the city.

The recent population count of the Bureau of the Census from the 2010 census, reported that the City of Gary, Indiana experienced a 22 percent drop in population.

In 2000, Gary had 102,746 residents but by the year 2010, that number had dropped to 80,294.

Early migration data from the 2010 Census Bureau, suggests that people of both racial groups moved out of the city of Gary to contribute to the 22 percent population decline reported last month by the 2010 census count.

This week the Census Bureau released township information based on race and housing. That report shows that in Calumet Township, which consists of the city of Gary, Griffith and other outlying areas, White population declined by 6,530 or 19.9 percent while Black population in Gary declined by -16,874 or 18.9 percent.

In 2010, I presented the DUAB with a 1956 study conducted by Charles Tiebout showing the relationship of high property taxes to out-migration.

Tiebout proposed the idea that consumers actually shop around and compare their cost for public services before making a decision as to where they might reside. Property taxes become a consideration for people in deciding where they are going to live and what services they receive in exchange for their property tax dollars.

The Tiebout Hypothesis was later tested by Dr. Wallace Oats who found that in communities that have a higher tax rate than their neighbors, they will see a decline in property values as people decide to move and live elsewhere, reducing the demand for housing in that community.

As a result of the DUAB vote in 2009 and again in 2010, Gary continues to have a property tax rate 50 percent higher than any other city in Indiana. We knew that people would be moving out of Gary if DUAB ignored the pleas of the Gary taxpayers, and our observations and predictions were correct.

I would like to suggest that the DUAB NOT APPROVE an exemption for the city of Gary from state imposed property tax caps.

By granting the City of Gary yet another year of exemption from tax caps and creating a disparity in property tax levels between Gary and adjoining cities, DUAB runs the risk of creating a downward spiral in property values and continued out-migration from which the City of Gary may never recover.

According to the Bureau of the Census, the impact of this out-migration of 22,452 Gary residents has resulted in:

Social Variable	Number	Percent Change
2000-2010		
Total Housing Units	-4,144	-7.7 %
Occupied Housing Units	-7,196	-15.0 %
Vacant Housing Units	+3,052	+52.7%

Who has moved out of Gary?

Children under 18 8,766 -23.6 %

The decision to exempt the City of Gary from equitable property tax caps has been devastating on the City of Gary. It has left the city more destitute as the people who could afford to leave, have moved, leaving behind more people on entitlement programs with a higher concentration of poverty, unemployment and a higher need for social services and government programs.

The strategy to save Gary by taxing Gary residents more through tax cap exemptions has back-fired.

The DUAB needs to accept responsibility for their actions as a contributing factor to increasing the social problems for the City of Gary.

I would respectfully petition you, as a member of the Distressed Unit Appeals Board, not to extend nor increase our demographic and economic crisis. Senate Bill 105 will become law as soon as the Governor signs it. It sets up a process by which the City of Gary can correct its financial problems in ways that the previous decisions cannot.

Please deny the City of Gary an extension for exemptions for property tax caps for 2011. The damage has been devastating to our city, our community, and to the welfare of our residents.

Sincerely,

Richard Barnes, Ph.D.  
Gary, Indiana

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