

TAX MATTERS

**APRIL 28, 2011, Issue #11-04, by Bernard Ridens, Executive Director
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REVIEW OF PAST TAX MATTERS

APRIL 5, 2011 (#11-03)

- 2011 TAX RATES ARE PUBLISHED
 - This year's property tax rates were published in the *Tribune-Star* today. If you would like a readable copy you may access one on the Taxpayers Association website by following this link – [2011 Tax Rates](#).

FEBRUARY 28, 2011 (#11-02)

- **GIVING CREDIT WHERE CREDIT IS DUE – Vigo County: The Employed**
 - The credit for being Community of the Year belongs to all the people employed in Vigo County who pay \$125 per \$10,000 earned each year.
- **TAX DOLLARS AND NON-PUBLIC SCHOOLS**
 - Should tax dollars be used to pay educational expenses for students attending K-12 schools in the state of Indiana that are not public schools?
- **THE EAGLE IS ROOSTING**
 - Congrats for Terre Haute North Vigo for winning this year's Taxation and Government contest and for John Hensle, Brenden Longfellow, Jared Wells and Steve Brandenburg for being our top individual finishers!

The Taxpayers Association is a not-for-profit 501(c)(4) organization supported by membership dues. Any citizen or group of citizens in Vigo County may be a member. Current members are encouraged to promote membership in the organization by giving the attached application to a potential member. [See the TA application and dues structure.](#) **This is NOT an invoice for your dues.**

1. TA BOARD MEMBER ELECTION

In the 75th Anniversary Annual Meeting held April 20, 2011, the following board members were elected to new three-year terms that will expire in 2014:

Marla Ames	First Financial Bank
Greg Bishop	Garmong/Hannum
David Wright	Duke Energy
John Hilderbrand	Herbalife
Kim Dillion	Dillion Properties
Eric McGlone	Novelis Corporation
Tom Templeton	Templeton Coal Co., Inc.
Paul Thiemann	Thiemann Office Properties, Inc.
Mark Zimmerly	Zimmerly Development, Inc.

2. DEBOER PRESENTS AT ANNUAL MEETING AND WORKSHOP

Dr. Larry DeBoer, professor of agricultural economics at Purdue University and an expert on state and local public policy, was the speaker at the 75th anniversary meeting of the Taxpayers Association. DeBoer spoke on “Indiana’s Property Tax After the Constitutional Caps: How Are They Working and What Comes Next?”

In his presentation, he explained how the property tax assessed on a median priced homestead is distributed to the various entities, and the effect of the tax cap of 1% for homesteads on this distribution. He examined the credits (loss of income due to the cap) generated for each taxing unit in Vigo County, compared this loss to the levy, and determined the percent of lost income. For the full text of his presentation, follow [DeBoer Meeting](#).

The workshop session, “Recession and Indiana’s Local Governments”, was held immediately after the board meeting. Dr. DeBoer explained the process by which maximum levy growth quotients are calculated, and the effect of a recession year such as 2009 on the levy. He also explained the problem with CAGIT collections and distributions over the course of several years. More CAGIT money has been distributed than has been collected, resulting in a need to withhold distributions from counties until the balance is even. For the full text of the handout presented at the workshop, follow [DeBoer Workshop](#).

Additional details and opinions about the above mentioned problem can be read in the next two articles.

3. LOCAL INCOME TAXES

The following article explains concerns related to the excess distribution of local income taxes.

By Todd A. Samuelson, CPA, Partner of Umbaugh and Associates

Second in a series

In our last issue of *Footnotes* we explained how Indiana's excess distribution of \$609,700,000 in certified local income taxes occurred. Legislation is pending that directs the State Budget Agency to reduce future distributions to local governments in 2012, 2013 and 2014 by \$408,276,000 to make up for the excess distribution. Today's article explores what you need to be concerned about to adjust to this situation.



If your governmental unit is in a county that will have reduced distributions in 2012 through 2014, you need to plan right away. The possible reduction in distributions:

- Will put even more pressure on your budget in a time when many local governments are already struggling,
- May cause higher property tax rates if you are using income tax as a replacement for property tax and
- May cause additional property tax reductions due to the Circuit Breaker tax caps if your effective property tax rates increase.

You should be especially concerned if you have pledged income taxes to repay debt. To avoid default closely examine your debt obligations to ensure you can still meet them. If your bond repayments are also backed up by property taxes, it may force a new levy of property taxes, which could then increase your losses to property tax caps. These situations can be extremely complex and deserve careful examination.

We have seen hopeful signs of economic recovery in 2011 with increased employment in certain areas that should produce higher revenue from local income taxes. As we described in the first article in this series, there is certainly a lag time to get that revenue back to your local government, so you won't feel that potential benefit at the local level for a couple years. If your local income tax distributions are reduced to make up for the overpayment, it may be at least 2015 before you can expect a rebound in this revenue source.

Exactly how the reductions in future local income tax distributions will be structured remains to be determined. A proposed solution is part of HB1001, the budget bill currently before the Indiana General Assembly. We are approaching the end of the legislative session and expect the budget bill to continue to evolve right up until the final hours. In our next issue of *Footnotes*, we should be able to give you more details on what to expect.

If you have questions or need help understanding your local income tax situation, please contact us at footnotes@umbaugh.com.

4. COUNTIES OWE MORE THAN \$600 MILLION FOLLOWING LOCAL INCOME TAX OVERPAYMENT

By Ken de la Bastide, Kokomo Tribune Enterprise Editor

Kokomo — No one in Indiana knows exactly how much the 92 counties owe the state government for overpayments of local income tax revenues, but state officials are taking steps to lessen the impact.

Estimates are that Indiana overpaid local units of government \$610 million and lawmakers want those funds repaid.

Rep. Jeff Espich, R-Uniondale, the chairman of the House Ways and Means Committee, included in the budget the repayment of \$409 million over four years. But that provision has been removed by the Indiana Senate.

“The number placed in the House budget was an estimate,” said Sen. Brandt Hershman, R-Monticello. “We have fronted the money to the counties based on historical data. When the economy was growing, the counties received supplemental funding.

“This is an echo of the economic downturn,” he said, “it’s affecting those distributions.”

Hershman said the State Budget Agency has estimated the amount that was overpaid. The agency is still in the process of determining the exact numbers for each county, he added.

“It’s a significant number state wide,” he said. “The money will be repaid.”

Hershman said officials are discussing the option of flat-lining the local income tax revenues to the counties, with any revenues above that amount to be used to repay the state.

“We’re trying to find a way to do this with the least impact on local government services,” he said.

Howard County Treasurer Martha Lake estimated the amount owed by local taxing units is going to range between \$5 and \$10 million.

“There is a state statute on how to handle any over- or under-payments,” she said.

Lake said local government officials want each county treated separately when it comes to repaying the state.

The proposed flat line is for 2009 local income taxes payable in 2010, she said.

Howard County would be flat-lined at approximately \$22 million per year and amounts over that would go toward repaying the state over as many years as required.

“We don’t know the amount owed,” Lake said.

Dick Miller, president of the Howard County Council, said flat-lining the amount the county will receive would assist with setting budgets in the future.

“We have already seen a 15 or 16 percent reduction in revenues and now we’re looking at another 5 percent reduction carried over five or six years,” he said.

Miller said the county needs an actual figure and not a guess of the amount owed to the state.

“We have created our funds to offset difficult economic times,” he said, “that’s why we haven’t spent every dime the county has received.”

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From:

<http://www.indianaeconomicdigest.net/main.asp?SectionID=31&SubSectionID=133&ArticleID=59644>

5. WE NOW HAVE PAYPAL

There is now another option to donate or make dues payments to the Taxpayers Association! There is a Paypal button located on the home page of the [Taxpayers Association web site](#) for those who have Paypal accounts who prefer its secure payment system. If you would like to be invoiced in order to make a Paypal payment to the TA, please let us know and we'll send you one.

6. TAX CALENDAR

APRIL

APRIL 30, 2011

- Last day to file contribution report (UC-1), quarterly payroll (UC-5A), and quarterly payroll continuation sheet (UC-5B) for first quarter of 2011. **Indiana Department of Workforce Development.**
- Intrastate Motor Carrier Quarterly Report (Form MCFT-101) due. **IDOR.**
- Interstate Motor Carrier Quarterly Report (Form IFTA-101) due. **IDOR.**
- Motor Carrier Claim for Proportional Use Credit (Form MCS-1789) due. **IDOR.**
- Last day to file combined withholding tax and federal insurance contributions tax return (Form 941) for first quarter of 2011. **IRS.**
- Last day to deposit first quarter 2011 federal unemployment tax payments (Form 940) if more than \$500. **IRS.**
- Due date of Form 720 (Quarterly Federal Excise Tax Return). **IRS.**
- Annual report for passenger and household goods carriers (Form MCS-3) due. **IDOR.**

MAY

MAY 1, 2011

- Annual permit fees are due for regulated places of amusement and entertainment one year from the month the permit was issued. **State Fire Marshal.**
- Railroad car company assessment reports due. (Tax collectible by Indiana Department of Revenue is delinquent after December 31.) **Indiana Department of Local Government Finance.**

MAY 10, 2011

- Last day for payment of first installment of state and local property tax (unless extended). **County Treasurer.**
- Last day to file an appeal on real property assessment for current assessment year with taxes payable in the following year unless filing pursuant to a notice of assessment. **County and Township Assessor.**

MAY 15, 2011

- Last day for calendar-year taxpayers to file non-profit income tax return (Form IT-20NP) and Annual Report Form NP-20. **IDOR.**
- Due date of Return of Organization Exempt from Income Tax (Form 990 or 990-EZ) for calendar-year basis organizations. **IRS.**
- Due date of Exempt Organization Business Income Tax Return (Form 990-T) for calendar-year basis organizations. Note: Form 990-T filings for employee pension plan trusts under code section 401(a), medical savings accounts and IRAs (including SEPs, SIMPLEs, ROTHs, and education IRAs) are due April 15. **IRS.**

- Partnerships and S corporations that made a code section 444 election must file Form 8752 to report the required payment under code section 7519. Filing is required even if required payment is zero. **IRS.**

- Last day for filing most property tax exemptions. **County Auditor.**

- Last day to file personal property assessment returns unless extension (maximum of 30 days) is granted. Failure to file a return by May 16 results in a \$25 penalty. When a return is not filed by the expiration of the extension time period, the \$25 penalty plus 20% of the tax will be imposed. **County and Township Assessor.**

MAY 31, 2011

- Last day for fireworks retail stand permit application to be mailed. **State Fire Marshal.**

JUNE

JUNE 1, 2011

- Annual permit fees are due for regulated places of amusement and entertainment one year from the month the permit was issued. **State Fire Marshal.**

JUNE 15, 2011

- Second installment and remittance due on declaration of estimated individual adjusted gross income tax (Form IT-40ES). **IDOR.**

- Due date for second installment or amendment of estimated individual federal income tax for the year 2011 (calendar-year basis). **IRS.**

- Second installment of estimated corporation income taxes due (Form 1120-W) (calendar year basis). **IRS.**

- Due date for second installment payment of estate or trust tax for 2011 (Form 1041-ES). **IRS.**

- Estimated quarterly gross insurance premium tax due.

Indiana Department of Insurance.

- Second payment to Second Injury Fund due. **Worker's Compensation Board of Indiana.**

JUNE 20, 2011

- Due date for filing corporation quarterly return (Forms IT-6, FT-QP and URT-Q) for taxpayers on a calendar-year basis or with a fiscal year that ends on the closing date of the calendar quarter. **IDOR.**

JUNE 30, 2011

- Last day for qualified taxpayers to claim an income tax credit or refund of a unified tax credit for the elderly. **IDOR.**

- Deposit floor stocks tax on ozone-depleting chemicals in inventory as of 1/1/06. **IRS.**

- Last day to pay delinquent employment security contributions for inclusion in the June 30 experience account balance used in experience ratings. **Indiana Department of Workforce Development.**

7. FREE FREE XEROX COPIER FREE FREE

Is anyone in need of a XEROX copier? If you are, the Taxpayers Association has one that they are willing to **give** away. If you are interested, contact Bernard at 812.235.1361 or taxtopics@aol.com – first bird gets the worm!

8. HEALTH BILL IN ITS ENTIRETY – AT THE TA OFFICE

Health Bill HR 3962 is very similar to HR 3200 with a few major differences. The Taxpayers Association has a copy of the entire text of each of these two bills HR 3200 and HR 3962. A list of the differences as summarized by Health Affairs may be viewed at <http://www.familydocs.org/files/Crosswalk2.pdf> . If you wish to study the contents of one or both of these bills, they are available for loan. Contact Bernard to make arrangements (812.235.1361 or taxtopics@aol.com).

9. PUBLIC MEETINGS

The purpose of this calendar is to encourage taxpayers to attend public meetings. Taxpaying persons working at your business or living in your neighborhood should be encouraged to attend a meeting of their choice at least once per year. The date and time for the meetings listed below are always subject to change. **Organizations that are underlined have a web page that can be accessed by clicking on their respective hyperlinks.** The contact person is also listed. You should call the appropriate office and confirm the date and time if you plan to attend.

Date	Time	Public Meeting	Location	Contact Info
Wed. Apr. 27	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. Apr. 27	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Mon. May 2	6:30 pm	<u>Riley Town Board</u>	Riley Town Hall	Wanda 894-2410
Mon. May 2	6:30 pm	<u>Local Emergency Planning Committee</u>	Idle Creek Banquet Center	Jon 232-5411
Tue. May 3	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. May 4	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy 462-3367
Wed. May 4	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Wed. May 4	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. May 5	6:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. May 9	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. May 9	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. May 9	6:00 pm	<u>West Terre Haute Town Board</u>	500 W. Nat'l, WTH	Melody 533-2034
Mon. May 9	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. May 10	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. May 10	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. May 10	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Tue. May 10	7:00 pm	<u>Seelyville Town Board</u>	Seelyville Water Office	Tamara 877-2665

Date	Time	Public Meeting	Location	Contact Info
Wed. May 11	10:00 am	<u>County Board of Zoning Appeals</u>	County Annex	Judy 462-3367
Wed. May 11	2:00 pm	<u>E-911 Advisory Board</u>	County Jail – Sheriff's Training Room	Greg 462-3226 ext. 320
Wed. May 11	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Thur. May 12	6:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. May 16	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. May 17	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. May 17	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. May 17	12:00 pm	<u>Taxpayers Association Board Meeting</u>	TH Bowling Center, 600 E Springhill Dr.	Bernard 235-1361
Wed. May 18	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. May 18	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. May 18	4:30 pm	<u>City Park Board</u>	Deming Park	Eddie 232-2727
Thur. May 19	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. May 23	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. May 23	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. May 23	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Mon. May 23	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. May 24	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. May 25	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. May 25	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Tue. May 31	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. Jun. 1	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy 462-3367
Wed. Jun. 1	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. Jun. 2	6:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375

END

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