

TAX MATTERS

**OCTOBER 18, 2011, Issue #11-07, by Bernard Ridens, Executive Director
Taxpayers Association of Vigo County, Inc.**

7 S Meadows Shopping Center
phone (812) 235-1361 TAXTOPICS@AOL.COM

www.taxtopics.org

www.twitter.com/VigoTaxTopics

- 1. 2011 TAXPAYERS ANNUAL REPORT IS AVAILABLE**
- 2. GETTING A BETTER VIEW OF HOW OUR TAX DOLLARS ARE USED**
- 3. TAXPAYERS MEMBERSHIP DEVELOPMENT**
- 4. TAKING ADVANTAGE of YOUR LIBRARY TAX --- KINDLES & NOOKS**
- 5. INDIANA'S LEAST KNOWN TAX**
- 6. INDIANA TAX CALENDAR**
- 7. PUBLIC MEETINGS**

REVIEW OF PAST TAX MATTERS

JUNE 30, 2011 (#11-06)

- **CITY AND NON-CITY PROPERTY TAX ALLOCATION**
 - We have prepared several bar graphs demonstrating the allocation of property tax dollars comparing the averages of non-city locality taxes and city locality taxes:
<http://www.taxtopics.org/TM2011/HomesteadGraphComparisonCityVsNon-City.pdf>
- **RAILROAD STUDY**
 - Please go to this web site www.terrehauteurailstudy.com and read many documents about the Terre Haute Urbanized Area Railroad Corridor Study and do the survey by clicking on the box on the right side of the home page.

JUNE 2, 2011 (#11-05)

- **NEW MAPLE AVENUE CITY PARK**
 - Possible plans for the new city park at US 41 and Maple Avenue
- **PROPERTY TAX CAP COMPARISONS**
 - We studied property tax contributions related to homestead tax caps of 1% pertaining to Terre Haute City versus Non Terre Haute City homestead property
- **PUBLIC ACCESS HANDBOOK**
 - The Handbook on Indiana's Public Access Laws has recently been updated and is available [here](#).

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. 2011 TAXPAYERS ANNUAL REPORT IS AVAILABLE

The 2011 Annual Report has been completed and made available on our web site, www.taxtopics.org, as of August 31, 2011. This is the earliest the report has been completed in the past eight years. Paper copies have been mailed or delivered to members. If you do not have one by Friday, October 21, 2011, please call the Taxpayers office. Beginning in January, the **2012** report will be under construction and updated as new and current information is known. Non-members may purchase a paper copy by calling the Taxpayers Association office at 812-235-1361.

2. GETTING A BETTER VIEW OF HOW OUR TAX DOLLARS ARE USED

If there is sufficient interest, the Taxpayers Association will arrange for members to visit (field trip) units of government where tax dollars and/or user fees are expended such as the Waste Water Treatment Plant. The plan would be to visit a given unit during even numbered months. An opportunity to visit a place of business or manufacturing would also be possible. The visits would take place on weekdays during mid-morning or mid-afternoon and last no less than an hour and no more than two hours.

Some of the places we may visit are:

Terre Haute Waste Water Treatment Plant

The Airport

School Corporation Ancillary Building (school bus maintenance)

Terre Haute Fire and Police departments

Federal Bureau of Prisons

Vigo County Jail

Vigo County Highway Department

Republic Landfill

You name it!

Field trips to area industries would be subject to the industries volunteering to invite us.

At this time Tredegar, a new member, has extended us an invitation.

Please give me your opinion on this matter and let me know where you would like to visit if you are interested in doing so. E-mail your response to taxtopics@aol.com by Tuesday, October 25.

3. TAXPAYERS MEMBERSHIP DEVELOPMENT

Special work of the Taxpayers Association board members is paying off.

Here is a list of new members supporting the mission of the Taxpayers Association as of August 1, 2011.

Please consider doing business with these new members. **Can you suggest a potential member?**

S & G Excavating

M & R Cycles

Morgan Feeds

Coldwell Banker Troy Helman Realtors

B & S Plumbing

Tredegar

Culp Ventures

4. TAKING ADVANTAGE of YOUR LIBRARY TAX --- KINDLES & NOOKS

The typical Vigo County homestead property taxpayer pays between \$60 and \$95 per year in taxes for a property with an assessed value of \$150,000. The exact amount depends on where you live. Here is an opportunity to acquire a significant return for your Library tax dollars. The Library board heard a report by Bonnie McNair, Information Services and Technology Services (ISTS) Manager, at their regular meeting held Monday, October 17, 2011 about the use of the Kindle 3s and the Nook. Here is a summary of her report.

In February of 2011, we applied for a LSTA grant (Library Services and Technology Act) which are federal funds distributed from the Institute of Museum and Library Services to states for the purpose of increasing the use of technology in libraries. The Indiana State Library informed the Vigo County Public Library that we were awarded slightly over \$9800 later in the spring. We used these funds to purchase 20 Kindles and 20 nook Colors plus accessories.

The Amazon Kindle 3s and the Barnes & Noble nook Colors are available for holds as of this morning, October 18. You simply search for Kindle or nook Color and then place a hold or call (812) 232-1113 ext. 2241 or 2241.

Users will not need a computer to use them as they are already preloaded with over 20 titles. You just need a valid VCPL library card and be 18 years and older. The checkout period is 14 days and a limit of one per adult card.

Some of the titles are only available in electronic format (Mile 81 by Stephen King, Lee Child's Second Son, Leaving Home by Jodi Picoult). Others are enhanced versions (What We Saw by CBS News) which includes over 2 hours of video which takes advantage of the nook Color's ability to play video. The material ranges from Toddler Interactive Picture Books to YA Social Issues to Inspirational Suspense to Legal Thrillers to Horror & Humor to Biography to Contemporary Romance to Steampunk to Historical Narrative – something for everyone's reading appetite. Some titles are on both the nook Color and the Kindle (Hunger Games, The Help, The Night Circus) while the more interactive offerings are on the nook Color. The Kindle has more bestseller authors: Nicholas Sparks, J.D. Robb, Jodi Picoult.

For individuals which already have an eReader and also have a valid VCPL card, then they can download eBooks, eAudiobooks, eMusic and eVideos through our virtual branch (idm.lib.overdrive.com). We have around 2000 eBooks available for Kindles and over 2200 which are for all compatible eReaders.

Bonnie McNair
ISTS Manager
Vigo County Public Library
bmcnair@vigo.lib.in.us
(812) 232-1113 ext. 2402

5. INDIANA'S LEAST KNOWN TAX

*By Mark Cahoon, VP, Government Finance & Economic Development
Indiana Manufacturers Association
mcahoon@imaweb.com, 800-462-7762, ext. 232 or 317-713-5920*

The Indiana Inheritance Tax came into being in 1913, and yet it is amazing how few people know it exists. For those who do know that the tax exists, how few have any idea how the tax actually works. In addition, Indiana has an estate tax. That tax is currently not being collected; but under current law, it will be re-imposed in 2013. Not many folks know that. Yet despite this anonymity, "death taxes" in Indiana raised about \$140 million for Indiana's state and local governments last year.

For decades both the Indiana Inheritance Tax and the Indiana Estate Tax coincided with the Federal Estate Tax. Like income taxes, the calculation of death taxes started with the filing of a federal tax return. Prior to the changes that began in 2001, the federal tax return contained a "state death tax credit." This credit varied by state depending on state population and allowed for a dollar-for-dollar offset of federal taxes for taxes imposed at the state level.

In Indiana, once the federal return was completed, an individual's estate would prepare the Indiana Inheritance Tax return and file that return with the probate court in the county of residence of the deceased. As noted above, the amount of the state tax would be a credit against the federal tax. If the Indiana tax was below the federal credit amount, Indiana would collect an amount up to the federal credit and call the difference the Indiana Estate Tax. If the Indiana tax was greater than the federal credit, no Indiana Estate Tax was due. It was a complicated procedure for what amounted to a wash in terms of taxes paid by an estate. In Indiana, because the inheritance and estate tax returns were filed at the county level, counties would keep 8 percent of the tax and transfer the rest to the state, a procedure that has not changed despite all the other changes to death tax laws.

The 2001 federal legislation phased down the federal estate tax to the point that it was eliminated in 2010. But the legislation also provided that, in 2011, the tax would return to its 2001 status, including the state death tax credit. Subsequent legislation pushed this “return to 2001” language back to 2013 and provided, for 2011 and 2012, a federal estate tax exemption of \$5 million and a tax rate of 35 percent. The 2001/2013 provisions provide a federal estate tax exemption of \$1 million and a 55 percent tax rate.

For state tax purposes, the most important part of the 2001 legislation was the elimination of the state death tax credit, which became effective in 2005. Because state taxes were tied to this credit, for a state to continue to have an estate tax they had to “decouple” from the federal provisions. That is, they had to modify their state law to allow their state estate tax to stand independently of the federal tax credit. Some states did this, Indiana did not. As a result, the Indiana Estate Tax effectively went away in 2006. Under current law, it will return in 2013.

For Indiana, the decision to allow the estate tax to temporarily disappear was made easier by the fact that Indiana has an inheritance tax. Only eight other states have such a tax. In Indiana, the estate tax was a relatively minor component of a state death tax system designed to take full advantage of federally allowed tax credits. Since 2006, the Indiana Inheritance Tax has been the state’s sole source of revenue from death taxes. But that has not mattered much in terms of state and local revenues, which only declined by about 15 percent with the temporary elimination of the Indiana Estate Tax.

The Indiana Inheritance Tax has some basic differences from the Federal Estate Tax. While both taxes are based on the net value of assets owned by a deceased person, the Estate Tax has a single tax rate that is relatively high. It also has a higher exemption level which in practice excludes most estates from taxation. The Indiana Inheritance Tax, however, has multiple tax rates that vary depending on the size of the estate and the relationship of the heirs to the deceased. Tax rates range from 1 to 20 percent, well below the 55 percent 2001 Federal Estate Tax rate. Also, other than a 100 percent exemption for assets transferred to a surviving spouse, Indiana’s exemption level is relatively low. The essence of the differences being that the federal tax seeks to severely tax a limited number of large estates, while the Indiana tax seeks to more modestly tax a greater number of estates.

If you made it through this article, you are likely more confused now than you were ten minutes ago. But, confusion is a part of the federal, state and local death tax system.

Source: *IMANET*, September 2011

6. INDIANA TAX CALENDAR

OCTOBER

OCTOBER 31, 2011

- Last day to file contribution report (UC-1), quarterly payroll report (UC-5A), and quarterly payroll continuation sheet (UC-5B) for third quarter of 2011. **Indiana Department of Workforce Development.**
- Last day to file third quarter Federal Excise Tax Return (Form 720). **IRS.**
- Last day to reserve or re-reserve a personalized license plate. **BMV License Branches.**
- 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 deposit third quarter 2011 federal unemployment tax payments if more than \$500. **IRS.**
- Last day to file combined withholding tax and federal insurance contributions tax return (Form 941) for third quarter of 2011. **IRS.**

NOVEMBER

NOVEMBER 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.**
- For UST contractor certification information, see any day of the year column. The annual renewal only applies to reciprocal certification, and the Indiana certification date is based on the date issued by another state. **State Fire Marshal.**

NOVEMBER 10, 2011

- Last day for payment of second installment of state or local property tax (unless extended). **County Treasurer.**

NOVEMBER 15, 2011

- (or 6 months from original filing) Last day to file an amended personal property return unless extension was granted by township or county assessor. **County and Township Assessor.**

NOVEMBER 30, 2011

- Domestic insurance companies must notify Department of Insurance and Department of Revenue of intent to pay gross premium tax or adjusted gross income tax (optional). **Indiana Department of Insurance.**

Source: <http://www.indianachamber.com/media/pdf/2011TaxCalendar.pdf>

7. 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. Oct. 19	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Oct. 19	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. Oct. 19	5:00 pm	<u>Vigo County Board of Health</u>	County Annex	Louise 462-3428
Thur. Oct. 20	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Oct. 24	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Oct. 24	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Oct. 24	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Mon. Oct. 24	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Oct. 25	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. Oct. 26	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. Oct. 26	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Tue. Nov. 1	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 1	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Nov. 1	4:30 pm	Honey Creek Conservancy District	3241 S. 3 rd Place	Craig 232-4311
Wed. Nov. 2	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy 462-3367
Wed. Nov. 2	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. Nov. 3	6:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Nov. 7	6:30 pm	Riley Town Board	Riley Town Hall	Wanda 894-2410
Mon. Nov. 7	6:30 pm	<u>Local Emergency Planning Committee</u>	Idle Creek Banquet Center	Jon 232-5411
Tue. Nov. 8	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. Nov. 8	7:00 pm	Seelyville Town Board	Seelyville Water Office	Tamara 877-2665
Wed. Nov. 9	10:00 am	<u>County Board of Zoning Appeals</u>	County Annex	Judy 462-3367
Wed. Nov. 9	2:00 pm	<u>E-911 Advisory Board</u>	County Jail – Sheriff's Training Room	Greg 462-3226 ext. 320

Date	Time	Public Meeting	Location	Contact Info
Wed. Nov. 9	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Thur. Nov. 10	6:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Nov. 14	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Nov. 14	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Nov. 14	6:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Mon. Nov. 14	6:00 pm	West Terre Haute Town Board	500 W. Nat'l, WTH	Melody 533-2034
Tue. Nov. 15	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 15	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Nov. 15	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Wed. Nov. 16	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Nov. 16	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. Nov. 16	4:30 pm	<u>City Park Board</u>	Deming Park	Eddie 232-2727
Thur. Nov. 17	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Nov. 21	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Nov. 22	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. Nov. 23	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. Nov. 23	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524

END

Disclaimer: This message is intended for the use of the person or entity to which it is addressed and may contain information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this information is strictly prohibited. Erroneous transmission or receipt of the information contained herein shall not constitute a waiver of any applicable privilege. If you have received this document by error, please notify us immediately and destroy the related message.