

TAX MATTERS

**NOVEMBER 6, 2009, Issue #09-44, by Bernard Ridens, Executive Director
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REVIEW OF PAST TAX MATTERS

OCTOBER 29, 2009 (#09-43)

- **RECOVERY ZONE BONDS**
 - Todd Samuelson of Umbaugh Footnotes examines Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds

OCTOBER 22, 2009 (#09-42)

- **WHAT IS NEXT FOR INDIANA MUNICIPALITIES?**
 - Article: <http://www.imaweb.com/TaxTalk.asp#Circuit>
- **THE MARKETS**
 - The good news is the Dow Jones Industrial Average rose above 10,000 last week. The bad news is it first rose above 10,000 more than 10 years ago - March 1999 to be specific.

OCTOBER 15, 2009 (#09-41)

- **BENNETT AIMS TO IMPROVE MATH EDUCATION**
 - According to the 2009 National Assessment of Educational Progress, Indiana fourth and eighth graders outscored the national average in mathematics, but the results have shown little improvement from previous years.
- **TAXING SERVICES COULD YIELD INDIANA \$6.8 BILLION**
 - According to the Indiana Fiscal Policy Institute study, Indiana could raise as much as another \$6.76 billion annually if it extended its sales tax to include all service transactions.

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. FEDERAL AND STATE OPEN DOOR LAWS

We are adding two items to this issue of *Tax Matters* and our web site. They are the [Handbook on Indiana's Public Access Laws](#) and the [Federal Freedom of Information Act](#). Please peruse these two documents and let me know if any of these rules should be questioned.

For example, on page 9 of the Handbook on Indiana's Public Access Laws, we find the following:

When can I see a copy of the meeting agenda so I will know the order of proceedings?

A governing body of a public agency is not required to use an agenda, but if it chooses to utilize one, the agency must post a copy of the agenda at the entrance to the location of the meeting prior to the meeting. In addition, the public agenda must describe each agenda item specifically during a meeting and may not refer solely to an agenda item by number. The ODL (Open Door Law) does not prohibit a public agency from changing or adding to its agenda during the meeting.

Here is another publication with a Q&A on the Freedom of Information Act: http://epic.org/open_gov/rights.html.

2. COUNTY RESEARCH PROJECT

It is that time of year when the upcoming budgets are set and thoughts of the upcoming year are beginning to occur. We are currently working on a very extensive special report comparing other counties our size, having a city the size of Terre Haute and adjacent counties.

3. CITY PLANNER AT NEIGHBORHOOD PARTNERSHIP MEETING

The latest Terre Haute Neighborhood Partnership Steering Committee met October 27, 2009. City Planner Pat Martin spoke in this meeting. Here was his report, as documented in the THNP Minutes:

City Government Report: Pat Martin

- **Brownfields:**
 - The Terre Haute Coke and Carbon site is undergoing Phase I, background research on previous owners. This should be complete in 2 – 3 weeks. There will be limited testing on the north and south parcels, which Vigo County still owns. The City owns the middle parcel. The City plans to acquire the north and south parcels by the end of 2009, consolidating the site to about 61 acres. There is some known contamination, but it can't be left that way in the middle of a neighborhood.
 - The former gas station at 13th and College has had three gasoline tanks and one kerosene tank removed from the ground. Some contaminated soil has also been removed. The City will be coming back later for additional testing to see if contamination has spread underground. Remediation will begin by spring and should

be ready for redevelopment by summer. Goodman & Wolfe have expressed interest in acquiring the property.

- The “fishing park” at 500 Maple Avenue is still a brownfield. Indiana Department of Emergency Management (IDEM) is expected to give the “go-ahead” by the end of the year for construction and use of the site. A trail and restrooms will be constructed. The city recently acquired the northern half of the property. Testing of the soil, lake and groundwater will be done in December. Next year testing will be done to count fish species and to perform lab tests on fish in the lake to check for contamination.
 - Locust Avenue below 25th and Brown Ave: Testing has been finished at the Illiana Truck Parts site. Five monitoring wells will be checked regularly.
 - 25th and Elm Streets – there is some petroleum contamination. Testing is on-going with remediation planned for next spring.
- Greenways:
- The Twigg Rest Area is still under construction. The roof sheathing is on the restroom building and it is scheduled for completion in November.
 - The Jones Trail Head is under construction.
 - The Poplar Street Trail connecting Deming to Dobbs Parks received good bids and construction should start in a few weeks.
 - The Collett Park Path – staff from the State Department of Natural Resources (DNR) was in town today (Oct 27) to inspect the path. They were pleased. They made minor requests for additional pavement marking and signage.
- Streets and Roads:
- Brown Boulevard will go to construction soon. It was delayed by ISU homecoming events at the stadium. It has been under development for six years.
 - Blakely Avenue is under construction and should be complete by November 2010.
 - Margaret Avenue from South 3rd to South 8th is tied up with condemnation of four parcels. Construction is projected to begin April 2010.
 - I-70 and U.S. 41 interchange is scheduled for completion in November. INDOT plans to plant \$100,000 in wildflowers at the site.
 - Beautification of 3rd Street from Poplar to Cherry has received a designation of \$360,000 but the funding will not be available until 2012.

4. SCHOOL FORMULA ARITHMETIC

by Larry DeBoer
Professor of Agricultural Economics, Purdue University

The school funding formula was one of the sticking points in this year's state budget debate. To understand why, consider an example.

Suppose the state has \$20 million to divide between two school districts. Each district has 2,000 pupils. An easy way to slice this pie is to distribute \$5,000 per pupil, so each district gets \$5,000 times 2,000 pupils, which is \$10 million.

Suppose, though, that one school district is growing and the other is declining, each by 100 pupils per year. Last year the declining school district had 2,100 pupils, and the growing school district had 1,900 pupils. So, at \$5,000 per pupil, last year the declining school district got \$10.5 million, and the growing district got \$9.5 million. If each gets \$10 million this year, the growing district gets an increase, and the declining district gets a cut.

The growing school district is fine with that. Our costs depend on the number of kids we need to educate, its superintendent would say. Now that we have 100 more pupils, we'll need money for added teachers, desks, maybe even a temporary classroom building. We need that extra half-million.

Not so fast, says the superintendent of the declining school district. Not all costs depend on pupils. We still have to pay utilities and insurance for our buildings. We may be able to close a building, if enrollment keeps dropping, but the neighborhoods hate it when we do that, and besides, our one and only high school has to stay open. We have 100 fewer pupils, but we can't live with a full half-million dollar budget cut.

Growing and declining school districts have different ideas about how the school funding formula should divide up available revenues.

Now consider the ten most rapidly growing school districts over the past five years. They're mostly suburban districts. Hamilton Southeastern in Hamilton County is number one on this list. Its enrollment grew 46% over this period. This list also includes Clark-Pleasant in Johnson County, Crown-Point in Lake County, and Brownsburg in Hendricks County. These ten districts are represented in the Indiana House by 13 legislators. Of these, 11 are Republicans and two are Democrats.

How about the ten most rapidly declining school districts? They're a combination of urban and rural districts. Gary Schools in Lake County has had the biggest enrollment drop, 28% over the past five years. Also on this list are Indianapolis Public Schools, West Washington Schools in Washington County, and North Judson-San Pierre Schools in Starke County. These ten districts are represented in the House by 26 legislators, 20 Democrats and 6 Republicans.

In the House, Democrats are more likely to represent declining districts, and Republicans are more likely to represent growing districts. The pattern is similar in the Senate, though since there's a big Republican majority there, Republicans represent more of both kinds of districts.

Elected legislators represent the interests of their constituents. So, the Senate (controlled by Republicans) originally proposed that, in the school formula, enrollment be measured by the current enrollment number. The House (controlled by Democrats) originally proposed that enrollment be measured based on a five-year average, or current enrollment, whichever is greater.

A five-year average will produce a bigger enrollment figure for a declining school corporation. Those higher pupil numbers from past years will still influence this year's revenue distribution. Averages of past enrollments won't help growing districts.

In our example, a five-year average sets the declining district's enrollment at 2,200. The five-year average for the growing district is 1,800, so its formula enrollment would be the current figure, 2,000. Dividing the \$20 million by total formula enrollment, 4,200, gives \$4,762. The declining district would receive a little less than \$10.5 million; the growing district a little more than \$9.5 million. The changes from the previous year would be very small.

At the end of the special session the two sides compromised, at the greater of a three-year average or current enrollment.

Democrats supported formula arithmetic that helped declining districts more. Republicans supported formula arithmetic that helped growing districts more. That means that some of the partisan divisions that helped prolong the 2009 legislative session were based on real differences in the needs of legislators' constituents.

Source: Capitol Comments, July 2009

5. 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
Thur. Nov. 5	7:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Nov. 9	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Nov. 9	6:00 pm	West Terre Haute Town Board	500 W. Nat'l, WTH	Melody 533-2034
Mon. Nov. 9	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Nov. 10	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 10	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. Nov. 10	4:30 pm	<u>City Park Board – General Meeting</u>	Deming Park	Eddie 232-2727
Tue. Nov. 10	7:00 pm	Seelyville Town Board	Seelyville Water Office	Tamara 877-2665
Thur. Nov. 12	7:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Nov. 16	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Nov. 16	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Nov. 17	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 17	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Nov. 17	12:00 noon	<u>Taxpayers Association Board Meeting</u>	Terre Haute Bowling Center, 600 E. Springfield Dr.	Bernard 235-1361
Wed. Nov. 18	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Nov. 18	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. Nov. 18	4:00 pm	<u>Air Pollution Control Department</u>	103 S. 3 rd St.	George 462-3433
Wed. Nov. 18	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Thur. Nov. 19	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Nov. 23	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Nov. 23	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Nov. 23	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Mon. Nov. 23	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Nov. 24	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 24	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Wed. Nov. 25	4:30 pm	<u>City Park Board – Business Meeting</u>	Deming Park	Eddie 232-2727
Wed. Nov. 25	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316

6. TAX QUESTIONS AND PROBLEMS

Here is a tax-related question for you to answer and compete for most questions answered correctly during a three-month period. The purpose of this topic is to encourage readership of *Tax Matters* and improve taxation and government education in our community. Send your answers anytime to the following email address: taxtopics@aol.com or reply to this issue. We will tally the correct answers and the correct answer to the current problem will be given next week.

No correct answers were submitted to last week's problem. The correct answer was \$1,429.

Here is this week's problem:

Given: A commercial property in Honey Creek Township
March 1, 2008 Assessed Value: \$175,000
Mortgage Exemption: Does not apply
Homestead Mortgage: Does not apply
Honey Creek Township Rate: 1.8973%
Homestead Credit: Does not apply
Homestead Supplemental Credit: Does not apply
0.5 acre lot
3.5% cap
Find the annual tax due and payable 2009.

7. TAX QUOTE OF THE WEEK

*"A fine is a tax for doing something wrong.
A tax is a fine for doing something right."
- Author Unknown*

END

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