

## **TAX MATTERS**

**JANUARY 2010, Issue #10-01, by Bernard Ridens, Executive Director  
Taxpayers Association of Vigo County, Inc.**

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### **REVIEW OF PAST TAX MATTERS**

**DECEMBER 17, 2009 (#09-48)**

- **TAX QUESTIONS AND PROBLEMS**
  - Comparing the taxes of hypothetical adjacent properties in different townships
- **CAGIT & EDIT**
  - The Indiana Legislative Services Agency has now made available the amount of CAGIT and EDIT dollars to be re-distributed to Vigo County during calendar year 2010. This is local income taxes collected during the past 18 months and held by the state for return distribution beginning in January 2010.

**DECEMBER 3, 2009 (#09-47)**

- **HERE IS YOUR ANNUAL REPORT**
  - The Annual Report is complete and posted on [www.taxtopics.org](http://www.taxtopics.org). Members may have upon request a free copy via CD or paper. If you wish to receive a copy, please e-mail the request to Bernard Ridens, [taxtopics@aol.com](mailto:taxtopics@aol.com).
- **2010 INVOICES**
  - The invoices have been mailed. Thank you to those who already submitted payments!

**NOVEMBER 19, 2009 (#09-46)**

- **WHAT YOUR TAX BILL TELLS YOU**
  - An article by Purdue professor Larry DeBoer
- **DRUG MAKERS RAISE PRICES IN FACE ON HEALTH CARE REFORM**
  - New York Times article by Duff Wilson - <http://www.nytimes.com/2009/11/16/business/16drugprices.html>

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. ECONOMY HITS TAXPAYERS ASSOCIATION

Due to the decline in the economy forcing a loss of several of our members, we have been forced to cut back on a few of our services. Since our web site is now current and enhanced from previous days, all information we wish to share with our members will appear on that site.

Tax Matters, appearing weekly the past several years, will now be sent via e-mail monthly. The occurrence of Tax Topics will also be reduced from quarterly to 3 times a year. These reductions will save in labor and postage. All other services will remain the same as in the past.

Web site: [www.taxtopics.org](http://www.taxtopics.org)

If you haven't accessed the site, please do. We believe the material available will be of interest and value to you.

## 2. MEETINGS

Two very important meetings for the Taxpayers Association will be held in the near future. The first one is the TA Board Meeting to be held Tuesday, January 19<sup>th</sup>. This meeting will be at the Vigo County Public Library, lower level, 12:00 noon. Bring a brown bag lunch (or whatever color you choose). A vending machine is available.

The second meeting is the Annual Meeting of the Taxpayers Association. It will again be held at Idle Creek Convention Center. Preparations are currently ongoing for this meeting, and more information will be presented to you at a future date.

Important dates to remember:

Tuesday	January 19 <sup>th</sup>	TA Board Meeting
Tuesday	March 16 <sup>th</sup>	TA Board Meeting
Tuesday	May 11 <sup>th</sup>	TA Annual Meeting
Tuesday	July 20 <sup>th</sup>	TA Board Meeting

## 3. CONTEST

The **Taxpayers Association of Vigo County, Inc.** is sponsoring a competitive contest for Vigo County high school students. A 150-question test and an essay on local and state taxation, government and citizenship will be given on Saturday, February 27, 2010 at 10:00 A.M. All high school students living in Vigo County are eligible to compete. The students with the highest scores will receive cash awards of \$200, \$100, and \$50 for first, second, and third place respectively. The winning school will receive at least \$400 to be spent on classroom materials selected by the teacher/coach. The winning school will also gain possession of the traveling **EAGLE** trophy. The **EAGLE** is a beautiful ceramic eagle mounted on a wooden base and is sponsored by ISU, Rose Hulman, Saint Mary-of-the-Woods and IVY TECH. Terre Haute South Vigo won the

**EAGLE** for 2009. Other awards will also be given. Members of the Taxpayers Association and others are sponsoring the cost of the test production and prizes.

#### **4. STATE REVENUES AND EXPENDITURES REPORT**

The Indiana Fiscal Policy Institute and Ball State University's Center for Business and Economic Research just released a report called "Intrastate Distribution of State Government Revenues and Expenditures in Indiana." [Their research details how much tax money each county pays to the state compared to the tax money each county gets back from the state.](http://www.indianafiscal.org/docs/IFPI_IntrastateTax.pdf) Of interest in this report is a chart that lists each county and the per capita net tax payments by county. They found, for the most part, that urban dollars have flowed to rural areas. Vigo County has received \$144.12 more in per capita tax payments from the state than it has paid to the state. To see the report, go to [http://www.indianafiscal.org/docs/IFPI\\_IntrastateTax.pdf](http://www.indianafiscal.org/docs/IFPI_IntrastateTax.pdf).

#### **5. HOUSE APPROVES MEASURE TO GIVE VOTERS DECISION ON TOWNSHIPS**

The Indiana House of Representatives has approved a measure that would give Hoosiers the opportunity to vote out township trustees. Our partners at Network Indiana/WIBC report the bill would allow referenda to determine whether township duties should be transferred to the county. The legislation passed on a vote of 55-44.  
*Source: Inside INdiana Business*

A proposal in the Senate would allow localities to keep trustees but remove township boards. The measure is expected to be up for a vote next week, although the House has already voted down a similar proposal.  
*Source: Network Indiana/WIBC*

#### **6. WHATEVER HAPPENED TO GOOD TAX POLICY?**

By Mark Cahoon  
Vice President of Government Finance and Economic Development,  
Indiana Manufacturers Association

A couple of clarifying statements, prior to some observations: Nobody thinks that the property tax is a good thing. It is an antiquated tax that has numerous flaws. It funds local government services, and most of those services are important. But nobody thinks that local services are delivered in a cost-efficient manner. Both property taxes and local governments need to be minimized. That being said, it is alarming what has happened to tax policy discussions over the past few legislative sessions.

Historically, the tenants of good tax policy were central to most policy decisions. Specifically, a balance in the type of taxes employed within a state/local tax system was historically a goal. Of the major tax mechanisms (income, sales and property), excessive reliance should not be placed on any one of them. Also within a tax type, there should be a balance as to who pays the tax. Excessive reliance should not be placed on a specific type of taxpayer. Finally, there should be some relationship between services received and taxes paid. As a society there is a certain level of subsidization that occurs in taxation, but that should be kept to a reasonable minimum. These basic tenets were thought to ensure equity, and more importantly, to minimize the economic distortions that occur when they are not followed.

If you have listened in on any of the property tax debates that have occurred in Indiana over the past couple of years, you would have heard none of these historical guiding principles even mentioned. Legislative hearings have become platforms for those with an ideology to advance and/or those that simply want their personal level of subsidy to increase. Policy intended to address the problems of the state or to advance the state on a long-term basis are seldom on the agenda.

A case in point is the second biggest tax policy issue on the legislative agenda for 2010. (Placing the one percent, two percent, and three percent property tax caps in the Indiana Constitution is issue number one.) Legislators on both sides of the aisle feel that residential and farm property assessed valuations are growing too fast, and state legislation is needed to limit how quickly AV can go up for these types of properties. The legislation to address this concern (HB 1004) would have capped AV growth for residences at one percent per year and farm land at two percent per year.

At the first hearing on the bill, it was made clear that despite the fact that the Indiana Constitution is being amended to allow for divergent property tax caps, the Constitution still contains language that requires the general assembly to “provide, by law, for a uniform and equal rate of property assessment and taxation and shall prescribe regulations to secure a just valuation for taxation of all property...” In other words, you can limit different types of properties differently, but you can’t assess different types of properties differently. Faced with this realization, the authors of HB 1004 expanded the bill to include all types of property equally, and used an inflation index to determine how much assessed valuations can increase from year to year.

If legislators continue down this path, Indiana will have the primary funding source for local government services capped based on a percent of gross assessed valuation, and that AV will be essentially frozen over time. The only increases will come from inflation-based increases and new development. While a part of us likes the idea of reducing the relevance of the property tax, what is our expectation for the delivery of road, sewer, public safety, fire protection, recreational and educational services over time? We all knew that the property tax and local government finance needed improvement, but do our expectations for services match the direction of our current funding policies? That is a question that the state legislature apparently has no time to examine.

## 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.

<i>Date</i>	<i>Time</i>	<i>Public Meeting</i>	<i>Location</i>	<i>Contact Info</i>
Tue. Jan. 19	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Jan. 19	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 <sup>rd</sup> Floor	Sally 235-5458
<b>Tue. Jan. 19</b>	<b>12:00 noon</b>	<b><u>Taxpayers Association Board Meeting</u></b>	<b>Vigo County Public Library</b>	<b>Bernard 235-1361</b>
Tue. Jan. 19	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Tue. Jan. 19	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Wed. Jan. 20	9:30 am	<b>Clay-Owen-Vigo Solid Waste District</b>	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Jan. 20	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 <sup>st</sup> Floor	Phenny 232-0018
Wed. Jan. 20	5:00 pm	<u>Vigo County Board of Health</u>	County Annex	Louise 462-3428
Thur. Jan. 21	2:00 pm	<b>Tree Advisory Board</b>	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Jan. 25	10:00 am	<b>Vigo County Board of Finance</b>	County Annex	Ryan 231-5638

<i>Date</i>	<i>Time</i>	<i>Public Meeting</i>	<i>Location</i>	<i>Contact Info</i>
Mon. Jan. 25	2:00 pm	<a href="#"><u>Board of Public Works and Safety</u></a>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Jan. 25	4:00 pm	<a href="#"><u>County Park Board</u></a>	County Annex	Julia 462-3391
Mon. Jan. 25	5:30 pm	<b>Terre Haute Housing Authority</b>	2001 N. 19 <sup>th</sup> Street	Jeff 232-1381
Mon. Jan. 25	7:00 pm	<a href="#"><u>Vigo County School Board</u></a>	VCSC Board Room	Judy 462-4216
Tue. Jan. 26	9:00 am	<a href="#"><u>County Commissioners</u></a>	County Annex	Judy 462-3367
Wed. Jan. 27	4:30 pm	<a href="#"><u>City Park Board – Business Meeting</u></a>	Deming Park	Eddie 232-2727
Wed. Jan. 27	5:30 pm	<a href="#"><u>Information Technology Advisory Board</u></a>	City Hall – 1 <sup>st</sup> Floor	Brad 244-2316
Wed. Jan. 27	7:00 pm	<a href="#"><u>Airport Authority</u></a>	Airport	Kara 877-2524
Mon. Feb. 1	4:00 pm	<a href="#"><u>Vigo County Drainage Board</u></a>	County Annex	David 898-2685
Mon. Feb. 1	4:30 pm	<b>Animal Control Board</b>	City Hall – 1 <sup>st</sup> Floor	
Mon. Feb. 1	6:30 pm	<b>Riley Town Board</b>	Riley Town Hall	Wanda 894-2410
Tue. Feb. 2	9:00 am	<a href="#"><u>County Commissioners</u></a>	County Annex	Judy 462-3367
Tue. Feb. 2	10:00 am	<a href="#"><u>City Board of Sanitary Commissioners</u></a>	City Hall – 3 <sup>rd</sup> Floor	Sally 235-5458
Tue. Feb. 2	4:30 pm	<b>Honey Creek Conservancy District</b>	3241 S. 3 <sup>rd</sup> Place	Craig 232-4311
Wed. Feb. 3	9:00 am	<a href="#"><u>City Board of Zoning Appeals</u></a>	City Hall – 1 <sup>st</sup> Floor Conf. Room	Judy 462-3367
Wed. Feb. 3	7:00 pm	<a href="#"><u>County Area Planning Commission</u></a>	County Annex	Vickie 462-3354
Thur. Feb. 4	7:00 pm	<a href="#"><u>City Council – Sunshine Meeting</u></a>	City Hall – Courtroom	Michelle 232-3375
Mon. Feb. 8	2:00 pm	<a href="#"><u>Board of Public Works and Safety</u></a>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Feb. 8	6:00 pm	<b>West Terre Haute Town Board</b>	500 W. Nat'l, WTH	Melody 533-2034
Mon. Feb. 8	7:00 pm	<a href="#"><u>Vigo County School Board</u></a>	VCSC Board Room	Judy 462-4216
Tue. Feb. 9	9:00 am	<a href="#"><u>County Commissioners</u></a>	County Annex	Judy 462-3367
Tue. Feb. 9	4:15 pm	<a href="#"><u>Vigo County Redevelopment Commission</u></a>	County Annex	Amanda 234-2524
Tue. Feb. 9	7:00 pm	<b>Seelyville Town Board</b>	Seelyville Water Office	Tamara 877-2665
Wed. Feb. 10	10:00 am	<a href="#"><u>County Board of Zoning Appeals</u></a>	County Annex	Judy 462-3367
Wed. Feb. 10	2:00 pm	<a href="#"><u>E-911 Advisory Board</u></a>	County Jail – Sheriff's Training Room	Greg 462-3226 ext. 320
Wed. Feb. 10	4:30 pm	<a href="#"><u>City Park Board – General Meeting</u></a>	Deming Park	Eddie 232-2727
Wed. Feb. 10	7:00 pm	<a href="#"><u>Airport Authority</u></a>	Airport	Kara 877-2524
Thur. Feb. 11	7:00 pm	<a href="#"><u>City Council – Regular Meeting</u></a>	City Hall – Courtroom	Michelle 232-3375
<b>Sat. Feb. 13</b>	<b>10:00 am</b>	<b>LEGISLATIVE CRACKERBARREL</b>	<b>Vigo County Public Library</b>	<b>Nancy 232-1113</b>
Mon. Feb. 15	5:30 pm	<a href="#"><u>Human Relations Commission</u></a>	Booker T. Washington Center	Jeff 232-0110
Mon. Feb. 15	7:00 pm	<a href="#"><u>Vigo County Public Library</u></a>	Vigo County Public Library	Nancy 232-1113
Tue. Feb. 16	9:00 am	<a href="#"><u>County Commissioners</u></a>	County Annex	Judy 462-3367
Tue. Feb. 16	10:00 am	<a href="#"><u>City Board of Sanitary Commissioners</u></a>	City Hall – 3 <sup>rd</sup> Floor	Sally 235-5458
Wed. Feb. 17	9:30 am	<b>Clay-Owen-Vigo Solid Waste District</b>	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Feb. 17	4:00 pm	<a href="#"><u>City Redevelopment Commission</u></a>	City Hall – 1 <sup>st</sup> Floor	Phenny 232-0018
Thur. Feb. 18	2:00 pm	<b>Tree Advisory Board</b>	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Feb. 22	2:00 pm	<a href="#"><u>Board of Public Works and Safety</u></a>	City Hall – Board of Public Works Room	Robin 232-4767

<b>Date</b>	<b>Time</b>	<b>Public Meeting</b>	<b>Location</b>	<b>Contact Info</b>
Mon. Feb. 22	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Feb. 22	5:30 pm	Terre Haute Housing Authority	2001 N. 19 <sup>th</sup> Street	Jeff 232-1381
Mon. Feb. 22	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Feb. 23	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Feb. 23	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Wed. Feb. 24	4:30 pm	<u>City Park Board – Business Meeting</u>	Deming Park	Eddie 232-2727
Wed. Feb. 24	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 <sup>st</sup> Floor	Brad 244-2316
Wed. Feb. 24	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524

## 8. QUOTE OF THE WEEK

*“The philosophy of the schoolroom in one generation will be the philosophy of government in the next.”*

*- Abraham Lincoln*

**END**

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