

TAX MATTERS

**DECEMBER 2, 2010, Issue #10-11, by Bernard Ridens, Executive Director
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REVIEW OF PAST TAX MATTERS

NOVEMBER 3, 2010 (#10-10)

- **ANNUAL MEETING**
 - The Annual Meeting of the Taxpayers Association scheduled for April 20, 2011 will have as its speaker Larry DeBoer, Purdue University professor and extension specialist in Agricultural Economics.
- **2010 PROPERTY TAX REPORT**
 - The Indiana Legislative Services Agency released the 2010 Property Tax Report for Vigo County - <http://www.in.gov/legislative/pdf/VIGO10.PDF>
- **CAPS: WHERE DO WE GO NEXT? HOW DO WE ACHIEVE FAIRNESS?**
 - Now that the Indiana Tax Caps question has been answered, we must address the possibility of improving Indiana's system of taxation.
- **2011 EAGLE CONTEST**
 - The 2011 Taxation, Government and Citizenship Competition for the Eagle (and at least \$800 cash) will be held Saturday, February 19, 2011 at 10:00 AM at the Vigo County School Corporation administration building.

SEPTEMBER 2010 (#10-09)

- **HERE IS THE 2010 ANNUAL REPORT**
 - The 2010 Annual Report is complete. It is posted on the Taxpayers Association web site, www.taxtopics.org. Please check this site under the "Publications" menu. 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. Non-members may purchase a paper copy for \$8.00 plus approximately \$3.50 for postage and handling or a CD for \$3.00, plus \$3.00 for shipping and handling.

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 DUES INVOICES

Dues renewal invoices were mailed on December 1, 2010 to all current members and members who recently could not renew due to the economy. It has been the policy of the Taxpayers Association to mail all invoices on an annual basis by the last month of the year giving members the opportunity to pay by January 31 and charge their expense either to the current year or the next year.

We hope your year has gone well and that you can continue to support the organization. Please remember that the dues schedule (CLICK) represents a suggested amount and the amount you choose to pay is voluntary. Some members have actually increased the amount they have paid during the past two years which has saved us from cutting salaries and wages to their lowest level in 5 years.

In lieu of raising dues for 2011, the Taxpayers Association board of directors voted on November 16, 2010 to grow the membership and encourage all members to help find new members.

Remember we always encourage the concept of -- ***do business with members***. Each time there is a hit on the home page of our web site, www.taxtopics.org, an ad pops up on a random basis. This advertisement is available to you at no charge. Your ad and those of other members are there for visitors to view. I wish I could guarantee you a big sale or new client. I can tell you that many of my purchases are based on this concept. Give it a try.

Benefits of Membership Education, Representation, Publication

Education

- Consultation on property taxation
- Sponsored workshops
- Educational community involvement and education (The Eagle Competition)
- Director is available for presentations to organized community groups on tax issues with no charge
- Annual meeting speaker – informational
- Analysis of collected taxes and spending
- Analysis of tax shifting
- Anonymous research and investigation of specific problems for members

Representation

- Director represents you as an ex-officio member on several government committees
- Better local government due to the presence of the association (transparency)
- Watchdog activity – public meeting representation
- Representation and input at local Cracker-barrels in January, February, March, and April
- Director has a one-on-one rapport with most elected and appointed officials
- Annual meeting – each member has one vote
- Taxpayer's Association board membership opportunity
- Lower property taxes – Assessed Valuation appeal help
- Input on major tax issues such as the annexation of parts of Honey Creek Township

Publication

- Annual Report – condensed source of tax and government information; Vigo County transparency (not produced in other counties)
- Free advertising on the association web site
- Web site – updated regularly
- Special e-mails – tax issues not normally covered by local media
- Periodic reports – Tax Topics
- Monthly reports – Tax Matters (weekly 2005 – 2009; monthly 2010)

The Taxpayers Association maintains a business office at 7 S Meadows Shopping Center and is a 501 (C) (4) not-for-profit organization.

The Taxpayers Association of Vigo County is celebrating 75 years of service to the community. In honor of this anniversary, Larry DeBoer will be the featured speaker at The Annual Meeting, scheduled for Wednesday, April 20, 2011.

2. HOOSIER SURVEY 2010

Ball State University's Bowen Center for Public Affairs conducted a public opinion survey on the top priorities for the next Indiana General Assembly Session. According to the survey, job creation, upgrading K-12 education and improving government efficiency were the top issues. The survey found that 77 percent of residents surveyed believe the state's top priority should be job creation, up from 73 percent last year. The full survey report can be found here:

<http://cms.bsu.edu/~media/DepartmentalContent/Bowen/HOOSIER%20SURVEY%20010.ashx>

3. THE ECONOMIC IMPACT OF HOME BUILDING IN THE STATE OF INDIANA

Dr. Elliot Eisenberg, an economist with the National Association of Home Builders, made a presentation called "The Economic Impact of Home Building in Indiana" at a NAHB in Indianapolis last month. The report and accompanying PowerPoint slides he used for this very informative presentation can be found here:

Report - <http://www.taxtopics.org/IndianaREPORT.pdf>

PowerPoint slides - <http://www.taxtopics.org/IndianaIN10.pdf>.

4. MIKE PENCE ON THE FLAT TAX

The following is from a speech Indiana Congressman Mike Pence made to the Detroit Economic Club indicating his support for a flat tax system:

"The first principle of a tax system in a free society must be certainty. Uncertainty is the enemy of our prosperity. For too long on tax policy, uncertainty has been the order of the day.

"To end the uncertainty that is stifling investment, innovation and growth, we must preserve current tax rates and

promote permanent tax reform.

“For starters, of course, Congress must permanently extend the 2001 and 2003 tax rates to ensure no American faces a tax hike on January 1st, and I have introduced a bill with Sen. Jim DeMint to do just that. Most Americans know that higher taxes won't get anybody hired. Raising taxes on job creators won't create jobs.

“But, preventing a tax increase is not enough. If the current tax rates were sufficient to get this economy moving again, it would be and it's not.

“The time has come for Congress and this administration to take bold action to simplify our tax system and lower people's taxes.

“The tax code has grown too large and complex. It has 3.8 million words. The forms are dizzying. And nothing about it seems fair.

“People are taxed on their income. Then after they pay their bills, they take the leftover money and put it into savings or an investment. If their savings or investments make any money, they are taxed again. If they buy stock in a company, the company pays taxes on its profits. Then it takes those profits and provides a dividend to shareholders and it is taxed again. The final outrage occurs at death, when your estate pays taxes once again on all the money you'd previously paid taxes on while living.

“All I really know about economics is what you tax you get less of and what you subsidize you get more of. We need a tax system that will encourage income, savings, investment and growth, but our tax code does the opposite. It punishes savers and investors by taxing them twice and in some cases more times than that.

“To promote income, savings and investment, we need a system built on the principle that income should be taxed once and just once. We need a fair and effective method of taxation that will make doing your taxes easy and remove the confusion of the present tax code.

“In an upcoming study written by the legendary Dr. Art Laffer, Wayne Winegarden and John Childs, they found the cost of compliance with today's tax code to be over \$540 billion annually and that individuals and businesses spend 7.6 billion hours on their taxes.

“Just imagine if Americans were putting that time and money into enjoying their lives or growing their businesses. The Laffer study predicts that by simplifying the tax code and cutting complexity costs in half, our economy would grow \$1.3 trillion more over ten years than if we maintain the status quo. That means each person in this country would be approximately \$4,200 wealthier. And that's just from simplifying our tax code by half.

“But we can do better than that. How about a system where you could file your taxes on a Blackberry, or a system where you might even be able to file a return with 140 characters or less? How would you like to tweet your taxes?

“We can create a twenty-first century American tax system that will provide government with the revenue it needs without discouraging growth or placing an undue burden of compliance on our citizens.

“There is one system that meets all of these criteria: the best option, the most pro-growth option is a flat tax. I believe it is time that America adopted a flat tax and scrapped the current system once and for all.

“A flat tax would release enormous amounts of capital into the system, and it would operate under a simple principle: what you take out of the economy is taxed, like wages and business income, and what you put into the economy is not, like savings and investments.

“Individuals and businesses would pay taxes at the same rate. Individuals would pay taxes on their wages or salary after receiving a basic income exemption and an exemption for any dependents, including children and elderly family members and others who you care for in your home. Imagine how easy this would be for people. Gross income minus a generous standard deduction minus any dependent exemptions and you've got your taxable income. Apply the rate and your taxes are done. Everyone pays the same rate, and the more money you make, the more you pay. It's fair, simple and effective.

“If you are a business, you pay tax on your gross income for the year minus one hundred percent of your expenses: rent, wages, fuel, supplies, etc. Depreciation is no longer necessary because the entire cost of investment spending can be deducted in one year.

“The flat tax eliminates all of the credits and deductions and special preferences and tax loopholes that Congress and an army of lobbyists have built into the tax code over time. These fuel special interests and generally benefit one person, business or industry over another. Our tax system should not pick winners and losers, but should treat every business, small and large, with the same basic rules.

“Instead, everyone would be on a level playing field with certainty as to your taxes. A taxpayer would either subtract his basic and dependent exemptions or business expenses and end up with taxable income. It would reduce compliance costs by hundreds of billions of dollars.

“Following the principle of only taxing once, it eliminates the AMT, the capital gains and dividends taxes, and the death and gift taxes.

“And this is hardly radical. A flat tax is in use in more than twenty countries around the world, and they have been proposed and supported by various legislators and economists in America over the past 30 years, such as Robert Hall and Alvin Rabushka, Dick Armey, Steve Forbes, Art Laffer, Jack Kemp and Richard Gephardt. We don’t think about it, but we already use flat taxes in America as taxes for Social Security, Medicare taxes, sales and property taxes.

“It may come as a surprise to many, but even the New York Times wrote favorably about a flat tax saying, “...every dollar of income would be taxed once and only once. The plan would subsidize saving, and create an exemption that would protect the poor. [I]t is perfectly simple.” The Gray Lady was right.

“And a flat tax will make America more globally competitive. New York City is still the financial capital of the world, but for how long will that be true? The Wall Street Journal recently reported that in New York City in 2011, the combined federal and state tax rate will be nearly 54 percent. With government taking more than half of your money, is that an incentive to work hard or to take your business elsewhere?

“A global economy means New York is now competing to keep businesses and capital from moving to Beijing or Bangalore. Right now, our corporate tax rate is 15 points higher than the rest of the world. And more than twenty countries with growing economies have a flat tax in place for businesses and individuals.

“Hong Kong instituted its flat tax in 1947 and has no tax on capital gains or dividends. Its tax code is short, to the point, and effective, and Hong Kong is a wealthy, thriving city with a growing economy and government surpluses. Russia, Czech Republic, and Ukraine all have flat taxes. The hard truth is the future is flat. The world is going flat everywhere but in America, and to lead the next American century, our nation needs to lead in capital formation and tax reform again.

“And a flat tax will mean jobs. According to one study by the Heritage Foundation, the flat tax would result in tremendous economic growth with GDP potentially growing by as much as 7 percent within 3 years and nearly 1.5 million jobs being created.

“Not that this should come as a surprise. If you look back at history, the Kennedy, Reagan and 2001/2003 tax reforms were all followed by strong economic growth. The flat tax goes beyond these tax cuts and provides not just lower taxes but a greatly simplified system.

“After the Kennedy tax cuts, the top rate went from 91 percent to 70 percent. Economic growth soared: unemployment went down by more than 2 percent and tax receipts increased by 33 percent.

“Two decades later, President Reagan’s across-the-board tax cuts brought America back from a devastating recession. In 1981, unemployment was at 7.6 percent nationally. The Dow Jones was at 777. Mortgage interest rates were over 20 percent. By 1987, the prime rate was down to 8.2 percent. The Dow was up to 3,000 by the end of Reagan’s term, and 17 million new jobs were created. That’s real growth. It created true opportunity and improved the lives of average Americans.

“And after the 2001 and 2003 Bush tax cuts, the economy again grew, as did government revenues by \$785 billion from 2004 to 2007, a record. There is an indisputable historical case to be made that tax relief and reform creates jobs and incentivizes growth in our economy.”

5. RURAL HEALTH INNOVATION COLLABORATIVE

A new link to the taxtopics.org site is for the Rural Health Innovation Collaborative (RHIC). It is a partnership among Union Hospital, Indiana State University, Indiana University School of Medicine, Ivy Tech, the City of Terre Haute and Terre Haute Economic Development Corp.

The mission of the Rural Health Innovation Collaborative is to improve and expand education and training of health care professionals and future health care professionals, especially for those committed to serving rural and underserved populations.

Key components of this mission include:

- To promote the retention of health care professionals to serve rural and underserved populations;
- To invite community revitalization by promoting the enhancement of opportunities for education, training, and experience in health-related professions and fields;
- To promote social welfare and to encourage and coordinate community initiatives to address challenges affecting health care delivery;
- To promote the efficient use of public and private resources and collaborate with other entities with similar or complementary purposes;
- To design and implement innovative best practices and strategies that are capable of replication in other areas of the United States; and
- To disseminate educational information, thereby benefiting those other areas.

6. 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>
Thur. Dec. 2	6:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Dec. 6	4:00 pm	<u>Vigo County Drainage Board</u>	County Annex	David 898-2685
Mon. Dec. 6	4:30 pm	Animal Control Board	City Hall – 1 st Floor	
Mon. Dec. 6	6:30 pm	Riley Town Board	Riley Town Hall	Wanda 894-2410
Tue. Dec. 7	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Dec. 7	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Dec. 7	4:30 pm	Honey Creek Conservancy District	3241 S. 3 rd Place	Craig 232-4311
Wed. Dec. 8	10:00 am	<u>County Board of Zoning Appeals</u>	County Annex	Judy 462-3367
Wed. Dec. 8	2:00 pm	<u>E-911 Advisory Board</u>	County Jail – Sheriff’s Training Room	Greg 462-3226 ext. 320
Wed. Dec. 8	4:30 pm	<u>City Park Board – General Meeting</u>	Deming Park	Eddie 232-2727

Date	Time	Public Meeting	Location	Contact Info
Thur. Dec. 9	6:30 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Dec. 13	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Dec. 13	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Dec. 13	6:00 pm	West Terre Haute Town Board	500 W. Nat'l, WTH	Melody 533-2034
Mon. Dec. 13	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Dec. 14	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Dec. 14	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. Dec. 14	7:00 pm	Seelyville Town Board	Seelyville Water Office	Tamara 877-2665
Wed. Dec. 15	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Dec. 15	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. Dec. 15	4:30 pm	<u>City Park Board</u>	Deming Park	Eddie 232-2727
Wed. Dec. 15	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Thur. Dec. 16	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Dec. 20	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Dec. 21	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Dec. 21	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Wed. Dec. 22	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Mon. Dec. 27	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Dec. 27	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Dec. 27	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Tue. Dec. 28	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367

END

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