

TAX



TOPICS

A Publication of the Taxpayers Association of Vigo County, Inc. Fall 2010

LARRY DEBOER: SPEAKER – ANNUAL MEETING OF TAXPAYERS ASSOCIATION

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. DeBoer studies state and local government public policy, including such topics as government budget and taxing options, issues of property tax assessment, local government revenue options, and the fiscal impact of economic development.

In addition to having Dr. DeBoer as our speaker, we are also celebrating 75 years of continuous service to the taxpayers of Vigo County.

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 twice 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

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

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. 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.

7 S Meadows Shopping Center Terre Haute, IN 47803
Phone: 812.235.1361 E-mail: taxtopics@aol.com
Web: www.taxtopics.org

BIG NUMBERS

The 2009 PAY 2010 Total Assessed Valuation is **\$3,607,394,856**. The net exempted AV for this same period is **\$1,004,131,900**. Here are the figures we have given in the past of the previous decade AV's and three years of exempted properties. It is interesting to note that the current exempted properties are over 21% of the grand total.

Year	Assessed Valuation	Exempted AV	Total AV	% of Exempted AV
2004	\$3,598,749,540			
2005	\$3,677,987,330			
2006	\$3,613,955,389			
2007	\$3,950,640,713			
2008	\$4,017,089,889	\$808,199,080	\$4,825,288,969	16.75%
2009	\$3,565,379,224	\$989,756,300	\$4,555,135,524	21.73%
2010	\$3,607,394,856	\$1,004,131,900	\$4,611,526,756	21.77%

TERRE HAUTE NORTH VIGO H.S. WINS THE EAGLE

The 2010 Annual Traveling Eagle Competition on Taxes, Government, and Citizenship was won by Terre Haute North Vigo High School. Specific winners and their awards are listed below.

1 st Place	Mitchell McCord	12 th grade	North Vigo	\$250 + \$400 scholarship
2 nd Place	Kacey Martin	12 th grade	North Vigo	\$150 + \$400 scholarship
3 rd Place	Ian Berner	11 th grade	South Vigo	\$100 + \$400 scholarship
4 th Place	Kaitlin Reed	10 th grade	McLean	\$50
Top School			North Vigo	\$450
Total Purse				\$1,000 + \$1,200 scholarships

- Scholarships are to either Indiana State University or Ivy Tech

Congratulations to these students and their teachers for their special efforts to prepare for this competition. Thank you to all sponsors of this competition. Sponsor names will be listed in the program of the Taxpayers Association Annual Meeting. Contributions and pledges can now be made for the 2011 competition.

ANNUAL MEETING UNAPPROVED MINUTES AND 2010 TA BOARD MEMBERS

Annual Meeting of the Taxpayers Association of Vigo County
May 10, 2010

The annual meeting for 2010 was held at Idle Creek Convention Center. Members and guests signed in, socialized, and visited the buffet from 11:30 to 12:00. At this time, the formal meeting introduction was made by Bernard Ridens. He welcomed all attending, and introduced Vice-President John Ragle who presided over the meeting.

Members moved and seconded to accept the minutes of the 2009 annual meeting and the March 16, 2010 board meeting. They also accepted the treasurer's report showing a balance of \$35,065 as of April 30, 2010.

A call was made for election of board members, and the following new board members were accepted for a three year term: Will Frankel, Matt McFarland, and James Stolt.

Re-elected to the board for additional three year terms are: Rick Braden, Bart Douglas, Don Ireland, Rick Jenkins, Mike Morris, John Ragle, Robert Thompson, and Carolyn Toops.

The meeting was adjourned and Bernard Ridens introduced the 2010 winning team of The Eagle Government, Taxation, and Citizenship contest. Terre Haute North was this year's winner and was represented at the meeting by the first and second place individual winners Mitchell McCord and Kacey Martin, and their teacher-sponsor Mrs. Linda Lambert. Mitchell McCord stated that he learned a lot about county government while he studied for the exam, and thanked the Taxpayers Association.

The meeting was then turned over to Mr. Ron Hinsenkamp, Chief Transportation Planner of the Metropolitan Planning Organization of the West Central Indiana Economic Development District. Mr. Hinsenkamp gave a transportation update related to the local area. His material was presented via Power Point with the entire presentation provided as a hand out. Following the presentation, Mr. Hinsenkamp answered questions related to the transportation update.

A flyer was presented with the names of those offering door prizes and support of the Eagle contest, with an opportunity available for members to donate.

At 1:05, thirty-six door prizes were distributed with an average value of over \$25.00 and the meeting was adjourned.

Statistically, there were 44 attendees and 1 representative of the Terre Haute Tribune. Of these 44, 17 were board members, 2 students, 1 teacher, 2 parents, and 22 other members and guests.

Respectively submitted by Susan Clements

Board Members 2010

Marla J. Ames	First Financial Bank
Vicki Barrett	T.H. Savings Bank
Amy Cleveland	Digital Audio Disc Corp.
Brian Bauer	T.H. Regional Hospital
Charles Beckwith	Turner Travel
Rick Braden	T.H. Bowling Center
Kim Dillion	Dillion Real Estate
Bart Douglas	Forrest Sherer Inc.
William S. Frankel, IV	
Cindy Gordon	Thompson Thrift Development
David Hannum	Hannum, Wagle & Cline Engineering
John Hilderbrand	
Don Ireland	Industrial Supply
Rick Jenkins	Rick Jenkins Construction

Joe Kenworthy	Old National Insurance
Matthew McFarland	Old National Bank
Eric McGlone	Novelis Corporation
Mike Morris	Morris Trucking Corp.
John Ragle	T.H. Realty Corporation
Patrick R. Ralston	First Financial Bank
Gregg Scott	Duke Energy
James Stolt	Overhead Door Company of Terre Haute
Thomas E. Templeton	Templeton Coal Company
Paul Thiemann	Thiemann Office Products
Robert Thompson	Thompson's Honda, Toyota & Motorsports
Carolyn Toops	
Mark Zimmerly	Zimmerly Development, Inc.

SURVEY – TERRE HAUTE PARKS DEPARTMENT

The Terre Haute Parks Department needs your opinion and input about parks and recreational activities in the city. To help them, please access and complete a short survey at <http://161.58.109.117/thparks/>.

DIPLOMAS 2010

The unofficial numbers are now known. The total number of students earning diplomas on time (end of the 2009/ 2010 school year) in Vigo County (VCSC) is 1023. This is up from 994 earning a diploma as of the 2008/2009 school year. In 2005 the class of 2010 numbered 1340. In 2006 the class of 2010 numbered 1384. These numbers yield a comparable rate of seventy-six percent. This fall the official graduation rates will be reported by the Indiana Department of Instruction and will look better than the numbers we show here. These improved rates are the result of a public law (IC 20-26-13-10) whereby school corporations can delete students from the freshman count. Students may not be counted for the reasons listed below. Taxpayers should question the net result until every student not counted by a school corporation is accounted for by some other entity. Each one not accounted for should be considered a dropout.

- A) Transfer to another public or nonpublic school.
- B) Removal by the student's parents under IC 20-33-2-28 to provide instruction equivalent to that given in the public schools.
- C) Withdrawal because of a long term medical condition or death.
- D) Detention by a law enforcement agency or the department of correction.
- E) Placement by a court order or the department of child services.
- F) Enrollment in a virtual school.

G) Leaving school, if the student attended school in Indiana for less than one (1) school year and the location of the student cannot be determined.

H) Leaving school, if the location of the student cannot be determined and the student has been reported to the Indiana clearinghouse for information on missing children.

I) Withdrawing from school before graduation, if the student is a high ability student (as defined in IC 20-36-1-3) who is a full-time student at an accredited institution of higher education during the semester in which the cohort graduates.

COMPUTER NEEDED

The Taxpayers Association office is in need of a computer.

We have recently upgraded our internet service from dial-up to Time Warner Road Runner.

Our current computers are too old to efficiently utilize this modern technology. Since we can't afford to purchase a new computer, we are looking for a donation.

We could also use a lap-top computer with a good power pack.

Meanwhile, we have a working XEROX 5014 copy machine to donate to a not for profit organization. It will require two men to carry it out.

COUNTY TAX CAP STUDY

On Monday, July 26, 2010, I had the pleasure of speaking to the Board of Directors of the West Central Indiana Economic Development District about the Taxpayers Association and what we do. This district is composed of Vigo, Sullivan, Parke, Clay, Putnam and Vermillion counties. Since the Taxpayers Association's basic function is limited to Vigo County, I felt it would be interesting to compare residential property taxes and local income taxes for the six counties in the district. This study clearly shows the consequences of the 1% residential property tax cap are comparable for all six counties, but not necessarily fair. In other words, two residential properties with equal assessed values, but located in different townships (which could be on opposite sides of a common street), can have great differences in taxes due. A study of 2% cap farmland and 3% cap business and other types of property, located in different townships, yields similar results.

WEST CENTRAL INDIANA E. D. D. COUNTIES TAX CAP COMPARISON

	VIGO	SULLIVAN	PARKE	CLAY	PUTNAM	VERMILLION	TOTAL
1 POPULATION	105,967	21,153	16,896	26,533	36,837	16,172	223,558
2 EMPLOYED	44,270	7,767	7,616	11,225	15,349	6,800	93,027
3							
4 EDIT	9,208,784.00	987,956.00	1,206,748.00	NA	2,988,754.00	313,356.00	14,705,598.00
5 CAGIT	13,457,717.00	NA	2,393,785.00	5,196,827.00	5,985,365.00	NA	27,033,694.00
6 LOIT	NA	NA	1,915,028.00	3,118,096.00	NA	NA	5,033,124.00
7 TOTAL LOCAL INCOME TAX %	1.25	0.30	2.30	2.25	1.50	0.10	
8 TOTAL	22,666,501.00	987,956.00	5,515,563.30	8,314,923.00	8,974,120.50	313,356.00	46,772,419.80
9 AVG INCOME TAX PER EMPLOYEE	512.01	127.20	724.21	740.75	584.67	46.08	502.78

WEST CENTRAL INDIANA E. D. D. COUNTIES TAX CAP COMPARISON

	VIGO	SULLIVAN	PARKE	CLAY	PUTNAM	VERMILLION	TOTAL
10 AVERAGE EMPLOYEE ANNUAL WAGE	40,960	42,400	31,487	32,922	38,978	46,082	
11							
12 150K AV LOW RATE	FAYETTE	FAIRBANKS	LIBERTY	WASHINGTON	RUSSELL	EUGENE	AVERAGE
13 GROSS TAX	1,052.00	1,279.00	813.00	985.00	736.00	967.00	972.00
14 SAVED DUE TO THE CAP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15							
16 400K AV LOW RATE	FAYETTE	FAIRBANKS	LIBERTY	WASHINGTON	RUSSELL	EUGENE	
17 GROSS TAX	3,836.00	4,464.00	2,837.00	3,437.00	2,568.00	3,375.00	3,419.50
18 SAVED DUE TO THE CAP	0.00	237.00	0.00	0.00	0.00	0.00	39.50
19							
20 150K AV HIGH RATE	HARRISON	SULLIVAN CITY	MONTEZUMA	BRAZIL	GREENCASTLE	CLINTON CITY	
21 GROSS TAX	2,363.00	2,395.00	1,741.00	1,858.00	1,558.00	1,500.00	1,902.50
22 SAVED DUE TO THE CAP	762.00	773.00	71.00	0.00	0.00	448.00	342.33
23							
24 400K AV HIGH RATE	HARRISON	SULLIVAN CITY	MONTEZUMA	BRAZIL	GREENCASTLE	CLINTON CITY	
25 GROSS TAX	8,248.00	8,358.00	6,077.00	6,485.00	5,438.00	7,280.00	6,981.00
26 SAVED DUE TO THE CAP	3,895.00	3,932.00	1,483.00	864.00	1,222.00	2,800.00	2,366.00
27							
28							
29 LOW 150K AV PROP + LOCAL	1,564.01	1,406.20	1,537.21	1,725.75	1,320.67	1,013.08	
30 LOW 400K AV PROP + LOCAL	5,203.06	4,718.40	4,285.41	4,918.50	3,737.34	3,467.16	
31							
32 HIGH 150K AV PROP + LOCAL	2,875.01	2,522.20	2,465.21	2,598.75	2,142.67	1,546.08	
33 HIGH 400K AV PROP + LOCAL	9,615.06	8,612.40	7,525.41	7,966.50	6,607.34	7,372.16	

Footnotes:

Lines 1 & 2 – Numbers provided by West Central Indiana E.D.D.

Lines 4-6 – Numbers provided by Indiana Legislative Services Agency – Office of Fiscal and Management Analysis (<http://www.in.gov/legislative/publications/handbook.html>)

Line 10 – Determined by dividing Line 9 by Line 7's decimal value

Line 12 – Represents homesteads with AV's of \$150,000 in the township with the lowest rate

Line 16 – Represents homestead with AV's of \$400,000 in the township with the lowest rate

Line 20 – Represents homesteads with AV's of \$150,000 in the township with the highest rate

Line 24 – Represents homesteads with AV's of \$400,000 in the township with the highest rate

Lines 14, 18, 22 & 26 – These show the tax dollars saved and calculated by the TAX ESTIMATOR (this is a form provided by the Department of Local Government Finance (http://www.stats.indiana.edu/dlgef_calculators/2010/Taxcalc2010.asp?county_cd=84))

Lines 29-33 – For comparison purposes, we assumed that an employee making an average wage would own property with a \$150,000 AV, while an employee making 2.67 times the average wage would own property with a \$400,000 AV. Therefore:

- Line 29 – Added Line 9 and Line 13
- Line 30 – Multiplied Line 9 by 2.67 and added the result to Line 17
- Line 32 – Added Line 9 and Line 21
- Line 33 – Multiplied Line 9 by 2.67 and added the result to Line 25

NON-RESIDENTIAL TAX CAP COMPARISON

Here is a comparison of non-residential rental, agricultural, and other properties for Honey Creek Township and Harrison Township. The tax dollars saved in these examples follow the same pattern of shortfalls to the county, schools, and library as the residential pattern shown above for residential property. All other AV's are proportional.

	HONEY CREEK	HARRISON
	NON-HOMESTEAD RENTAL & AGRICULTURAL (2%)	
AV	400,000	400,000
GROSS TAX	7,502	14,378
SAVED	0	6,378
ANNUAL TAX	7,502	8,000
CAP MAX	8,000	8,000

AV	1,000,000	1,000,000
GROSS TAX	18,839	36,107
SAVED	0	16,107
ANNUAL TAX	18,839	20,000
CAP MAX	20,000	20,000

	OTHER (3%)	
AV	400,000	400,000
GROSS TAX	7,502	14,378
SAVED	0	2,378
ANNUAL TAX	7,502	12,000
CAP MAX	12,000	12,000

AV	1,000,000	1,000,000
GROSS TAX	18,839	36,107
SAVED	0	6,107
ANNUAL TAX	18,839	30,000
CAP MAX	30,000	30,000

A TALE OF TWO TOWNSHIPS

Here is a comparison of two homestead properties located in different townships in Vigo County. The main point of this comparison is to show the unequal distribution of tax dollars paid to government units. Bear in mind that these properties could be on opposite sides of a common street or road. Notice the difference in school support where all taxpayers are supposed to support our single school system on a fair and equal basis.

TAX CAP COMPARISON

2009 PAY 2010

		Honey Creek	A V			
RATE		1.8896				
GROSS			174,700.00			
NET			91,305.00			
Entity	Entity Rate	\$ Owed before Cap	\$ Paid after Cap	Shortfall	Shortfall %	
County	0.7043	643.06	621.29	21.77	37.27	
Township	0.0043	3.93	3.80	0.13	0.23	
School	0.7513	685.97	662.74	23.23	39.76	
City	0.0000	0.00	0.00	0.00	0.00	
Library	0.1387	126.64	122.35	4.29	7.34	
Tax Inc	0.0000	0.00	0.00	0.00	0.00	
Special	0.2910	265.70	256.70	9.00	15.40	
Totals	1.8896	1725.30	1666.88	58.42	100.00	

		T H Lost Creek	A V			
RATE		3.6027				
GROSS			186,300.00			
NET			88,845.00			
Entity	Entity Rate	\$ Owed before Cap	\$ Paid after Cap	Shortfall	Shortfall %	
County	0.7043	625.74	364.20	261.53	19.55	
Township	0.0297	26.39	15.36	11.03	0.82	
School	0.7513	667.49	388.51	278.99	20.85	
City	1.633	1450.84	844.44	606.39	45.33	
Library	0.1387	123.23	71.72	51.50	3.85	
Tax Inc	0	0.00	0.00	0.00	0.00	
Special	0.3457	307.14	178.77	128.37	9.60	
Totals	3.6027	3200.82	1863.00	1337.82	100.00	

ONE SIZE DOESN'T FIT ALL

Of the ninety-two counties in the state of Indiana, only three have a countywide school system AND a countywide library system: Jennings, Vanderburgh and Vigo. This study reflects the differences in taxes paid by homestead property owners in these counties, where all students are to be served equally and all taxpayers would theoretically pay equally for equal opportunities. The chart below shows that due to caps, properties assessed at \$180,000 show a tax cap savings range of \$1,138 for Vigo (37.0% of gross), \$317 for Vanderburgh (14.4%), and \$633 for Jennings (24.8%).

Vigo County is struggling to provide good and equal services due to these differences. This happens because of high rates, which are caused by a low total AV for the city of Terre Haute. In summary, what is good for some counties in Indiana is not good for all counties in Indiana.

County	City / Township	Rate	Gross Tax	Tax Cap Savings	Savings as % of Gross
Jennings County					
	North Vernon City	3.0025	\$2545	\$633	24.8%
	Spencer Township	1.9531	\$1655	\$0	
Vanderburgh County					
	Evansville City – Pigeon Township	2.5991	\$2203	\$317	14.4%
	Center Township	1.5431	\$1308	\$0	
Vigo County					
	Terre Haute Harrison	3.6216	\$3069	\$1138	37.0%
	Fayette	1.6844	\$1428	\$0	

INDIANA LIBRARY FEDERATION’S POSITION ON THE PUBLIC QUESTION OF PLACING PROPERTY TAX CAPS IN STATE’S CONSTITUTION

The ILF wishes to provide citizens with information to make educated decisions regarding their votes on November 2, 2010 as to permanently placing caps on property taxes in the Indiana Constitution.

- Libraries are funded by property taxes.
- Property taxes are presently capped by a statute enacted by the Indiana legislature.
- Putting property tax caps into the constitution is unnecessary.
- Property tax caps have already restricted funding which has reduced services for emergency services, libraries, schools, road and bridge repair, pools, parks and trails.
- Property tax caps restrict the money available for schools, libraries, and other local services. Other taxes may need to be increased or local surcharges will need to be implemented to pay for these services.
- Public libraries in Indiana are restricted from raising additional operating revenue through other taxing means.
- Real property tax reform needs to encompass a fair relationship between the provision of core government services, property value and the taxpayer. Indiana citizens need the flexibility to adjust tax rates in response to services being reduced due to restrictions on funding. Flexibility is lost when the caps are in the constitution as opposed to statutory.
- ILF opposes Public Question #1, which will be on the November 2, 2010 ballot.

Source: *Indiana Library Federation*

Table of Contents of Tax Matters Issues 10-01 through 10-09

Just in case you wish to refer to a previous issue of Tax Matters and need some help locating a particular topic, you may refer to the table below. Many of the topics are also included in an issue of Tax Topics. This issue of Tax Topics includes Tax Matters through September 2010 and this table does the same. The next issue will continue from this point.

Topic	Issue	Topic	Issue
Economy	10-01	SR 641	10-03
High School (The Eagle) Contest	10-01, 10-02, 10-03	Bidder Ordinance Amendments	10-03
State Revenues and Expenditures Report	10-01	TA Board Members	10-05, 10-07
Township Vote	10-01	Hit List	10-05, 10-06, 10-07
Whatever Happened To Good Tax Policy?	10-01	Indiana State Legislative Digest	10-05
Tax Caps	10-02, 10-06, 10-07	Parks Department Survey	10-06
Township Expenditures	10-02	Diplomas	10-06
State of the City Address	10-02	Vigo County Reassessment Contract	10-07
Total Assessed Valuations (Big Numbers)	10-02	One Size Doesn't Fit All	10-08
Neighborhood Partnership	10-02, 10-05	Indiana Library Federation's Position on Tax Caps	10-08
Annexation	10-02	VCSC Budget Presentation	10-08
Tax Rates 2009 PAY 2010	10-03	Annual Report	10-09
Annual Meeting	10-03, 10-04, 10-05	Election Forums	10-09
Trails and Greenways Survey	10-03		