

# TAX TOPICS

A Publication of the Taxpayers Association of Vigo County, Inc. Winter 2011

*\*All references in this publication can be found on our website:*

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

## **TAX DOLLARS AND NON-PUBLIC SCHOOLS**

This was a topic of discussion by the Taxpayers Association Board of Directors at their regular meeting held on January 18, 2011. At that time the amount of information available concerning the pros and cons of the question would dwarf what we are hearing today. It was concluded at the meeting that I should bring this question to the membership.

The question is:

***Should tax dollars be used to pay educational expenses for students attending K-12 schools in the state of Indiana that are not public schools?***

Responses to this question will be summarized and I will not disclose personal names of responders. Your board of directors will be asked to establish a position on this very important issue at the board meeting to be held on March 15, 2011.

## **HELP! SPONSORS NEEDED**

The Taxpayers Association Annual Meeting and 75<sup>th</sup> Birthday Celebration to be held on Wednesday, April 20, 2011 is rapidly approaching. Special invitations will be mailed to over 900 addresses. Our goal is to have at least 250 people attend. Due to the fact our revenues are still below normal, we are asking you to consider sponsoring a portion of this monumental occasion. For a minimum contribution of \$200.00, your name and logo will be printed on all materials related to this event. You may sponsor a specific item on this list (i.e. birthday cake). At this time, corporate sponsorships have been pledged by Terre Haute Regional Hospital, John's Health Store (John Hilderbrand), Terre Haute First Financial, and Terre Haute Savings Bank. There is still a need for additional sponsors. Sponsorship money will be used for such things shown on the following list:

**ITEMS IN NEED OF CORPORATE SPONSORSHIP**

- 1 DOOR PRIZES
- 2 THE EAGLE TAX COMPETITION
- 3 INVITATIONS-- ADDRESS LABELS, POSTAGE
- 4 PROMOTIONAL ADS
- 5 A SPECIAL WORKSHOP
- 6 BANQUET ROOM DÉCOR
- 7 SPECIAL MEAL ITEM (EX. DESSERT)
- 8 PROGRAM PRINTING
- 9 BOARD TERM OF SERVICE PLAQUES 5, 10, 15, 20, ETC. YEARS
- 10 TABLE FAVORS
- 11 RADIO & TV ADS
- 12 NEWSPAPER ADS
- 13 DEFRAID MEAL COSTS MEMBERS at X NON MEMBERS A fraction of X
- 14 SPONSORSHIP MONEY MAY CONTRIBUTE TO NEW MEMBER DUES

**SPONSOR'S NAME/ LOGO WILL BE DISPLAYED ON ALL PRINTED MATERIAL**

**SPECIAL WORKSHOP**

At the Annual Meeting, Guest Speaker Dr. Larry DeBoer will also be doing a one-hour special workshop after the Annual Meeting. The topic will be "Recession and Indiana Local Governments." At this time, we are seeking permission to offer Continuing Education Credits for those attending the Annual Meeting and the workshop. More details about this workshop will be given in the next issue of *Tax Matters*.

**2011 DUES DUE 2011 DUES DUE 2011 DUES DUE**

Dues letters and invoices were sent out early in December. Many have paid their dues, but several have not at this time. We are in the process of following up on outstanding dues. If, for some reason, you do not feel that you have received your invoice please call or e-mail Bernard (235-1361 or [taxtopics@aol.com](mailto:taxtopics@aol.com)). If you feel that you cannot afford the dues amount that you have been invoiced, we would still like for you to maintain your membership, and we will work with you.

**TERRE HAUTE URBANIZED AREA RAILROAD CORRIDOR STUDY**

The first meeting of the Community Advisory Committee for the Railroad Corridor Study was held on February 23, 2011. Since this is a topic of interest by most citizens of Vigo County, our goal is to keep everyone informed as the study is completed. A web site has been created that includes a map and the most current information. The address of the web site is [www.terrehauterailstudy.com](http://www.terrehauterailstudy.com).

**GIVING CREDIT WHERE CREDIT IS DUE:***Vigo County - The Employed*

The community of Terre Haute has been recognized by the Indiana Chamber of Commerce as Community of the Year for Indiana for 2010. Many words of praise have been written and said about this award and the accomplishments contributing to it. The real credit can not be given to any specific organization or person. The credit goes to all Vigo County working people. None of the great things we all see happening in the city and county would be occurring if the County Council had not approved on a 4 to 3 vote to assess a 1.25% local gross income tax on wages and salaries (March 18, 2003). This local gross income tax is comprised of two components known as CAGIT and CEDIT. As of December 31, 2011, these two tax assessments will amount to over 164 million dollars returned to Vigo County by the State of Indiana, serving as a collection agency. These are payroll taxes that are sent to the state of Indiana by employers having been deducted from the earned wages. At this time, the state is experiencing difficulties determining the correct amount to distribute to all counties. A few years ago, Vigo County was shorted approximately 4 million dollars which was eventually corrected. The state has currently determined that too much money is being distributed in 2011, and therefore, future payments will be less for most counties. Vigo County now has to plan for this possible new short fall. At this same meeting, on March 18, 2003, on a 6 to 1 vote, the County Council approved a wheel tax of 15 dollars per auto per year for most automobiles.

The credit for being Community of the Year belongs to all the people employed in Vigo County who pay \$125 per \$10,000 earned each year. See <http://www.taxtopics.org/New%20Taxes%20Article%20with%20Cagit%20Cedit%20Charts.pdf> for more details. It should also be noted that the Taxpayers Association of Vigo County supported the adoption for these new taxes.

**CALCULATING YOUR 2011 PROPERTY TAX BILL- MORE INFORMATION**

For those of you whose property includes some components that are not classified as strictly homestead, you need to calculate each component separately. For example, a building outside of the home used as a workshop would not be a part of the homestead, and therefore would not be confined to the 1% cap value. You must use the appropriate cap value for each classification. In the case of the workshop, it would be classified as "other" and have a 3% cap.

Also, if your homestead or land is a part of one of the conservancy districts, you must add the conservancy rate to your township rate. The conservancy rates are included in our rate comparison chart this time around.

Again, if you cannot match your calculations to the "[tax calculator](#)" found on the DLGF website, please feel free to call the TA office at 235.1361 or send e-mail to [taxtopics@aol.com](mailto:taxtopics@aol.com) and we will investigate your bill.

	<b>TOWNSHIP</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>	<b>% Change</b>
1	FAYETTE	1.6844	1.6607	-0.0237	-1.41%
2	T H HARRISON	3.6216	3.5126	-0.1090	-3.01%
3	HONEY CREEK	1.8896	1.8894	-0.0002	-0.01%
4	HONEY CREEK SAN	2.2008	2.1109	-0.0899	-4.08%
5	T H HONEY CREEK	3.5773	3.4696	-0.1077	-3.01%
6	LINTON	1.7005	1.6922	-0.0083	-0.49%
7	LOST CREEK	1.7155	1.7121	-0.0034	-0.20%
8	LOST CREEK SAN	2.0267	1.9336	-0.0931	-4.59%
9	T H LOST CREEK	3.6027	3.4960	-0.1067	-2.96%
10	TOWN OF SEELYVILLE	2.3171	2.1981	-0.1190	-5.14%
11	NEVINS	1.7301	1.7185	-0.0116	-0.67%
12	OTTER CREEK	1.6993	1.6964	-0.0029	-0.17%
13	OTTER CREEK SAN	2.0105	1.9179	-0.0926	-4.61%
14	T H OTTER CREEK	3.5868	3.4800	-0.1068	-2.98%
15	PIERSON	1.7008	1.7012	0.0004	0.02%
16	PRAIRIE CREEK	1.9176	1.9062	-0.0114	-0.59%
17	PRAIRIETON	1.9215	1.9095	-0.0120	-0.62%
18	RILEY	1.8981	1.9486	0.0505	2.66%
19	RILEY SAN	2.2093	2.1701	-0.0392	-1.77%
20	TOWN OF RILEY	2.2840	2.2696	-0.0144	-0.63%
21	SUGAR CREEK	1.9680	2.0105	0.0425	2.16%
22	WEST TERRE HAUTE	3.3535	3.5321	0.1786	5.33%
23	T H RILEY	3.5915	3.4835	-0.1080	-3.01%
24	LINTON SAN	2.2147	2.1239	-0.0908	-4.10%
25	NEW GOSHEN FIRE	1.7416	1.7340	-0.0076	-0.44%
	PRAIRIETON PRAIRIE CREEK - VIGO	0.0136	0.0130	-0.0006	-4.41%
	PRAIRIE CREEK PRAIRIE CREEK - VIGO	0.0136	0.0130	-0.0006	-4.41%
	HONEY CREEK PRAIRIE CREEK VIGO	0.0136	0.0130	-0.0006	-4.41%
	LINTON PRAIRIE CREEK VIGO	0.0136	0.0130	-0.0006	-4.41%
	LINTON BUSSERON	0.0093	0.0091	-0.0002	-2.15%
	PIERSON BUSSERON	0.0093	0.0091	-0.0002	-2.15%
	HONEY CREEK - VIGO	0.1622	0.1678	0.0056	3.45%
	GREENFIELD BAYOU	0.7916	0.7701	-0.0215	-2.72%

**A TALE OF TWO TOWNSHIPS- REVISITED**

Here is a comparison of two homestead properties located in different townships in Vigo County: <http://www.taxtopics.org/Harrison%20Honey%20Creek%20Comparison.pdf>. The main point of this comparison is to show the unequal distribution of tax dollars paid to government units. One township, Honey Creek does not pay tax to the City of Terre Haute, and the other township, Harrison does. Each is based on a \$150,000 assessed valuation with a \$45,000 homestead deduction. The property is residential, and property tax is capped at 1%. Note that the extra expenditures toward the city result in the Harrison property exceeding the cap. When this occurs, only a percentage of the assessed rate is paid toward all entities receiving the Harrison payment. The end result is that two residences, equal in value, are supporting the county, the library, the airport, and especially the schools with unequal contributions. These four entities are receiving a reduced rate from any property exceeding the 1% cap.

**THE BRIDGES OF VIGO COUNTY**

Did you know that there are 186 bridges in Vigo County? These bridges are inspected from time to time, and as a result of a recent inspection, there is a need to replace or repair several of the county bridges. Eighteen of the county bridges were judged in need of replacement at a rate of three per year for years 2010 through 2015. In addition to these 18, 9 were rated at needing rehabilitation, no bridges were cited with a need of widening, 175 are in need of repair, and none were rated for elimination.

So, who pays the bill for all of the replacement and repair? The county taxpayer contributes to the Cumulative Bridge Fund at a 2011 rate of \$0.0268. The budget for this fund is \$904,522. At times, the federal government also contributes in situations such as the flood of 2008. Even bridges located on city property must be supported by the county if their span is over twenty feet.

The three bridges to be replaced in 2011 are the Pottsville Road - Coal Creek bridge with an estimate of \$1,360,000, the Devonald Avenue - Gundy Ditch bridge with an estimate of \$516,000, and the Elliott Place – Prairie Creek bridge with an estimate of \$400,000.

For more details on this subject, please call the Taxpayers Association office (812.235.1361).

**REDISTRICTING INFORMATION**

If you are interested in the process of redistricting, a resource that might be of importance is “A Citizen’s Guide to Redistricting” by Justin Levitt. A full copy can be found at [http://brennan.3cdn.net/dbda15133afb14c05b\\_i4m6b40of.pdf](http://brennan.3cdn.net/dbda15133afb14c05b_i4m6b40of.pdf).

**THE EAGLE IS ROOSTING**

The Eagle has been roosting this past year in the trophy case at Terre Haute North Vigo, and as a result of this year's Taxation and Government contest sponsored by the Taxpayers Association; it shall remain there for yet another year. The winning team representing North, not only managed to win first for their school, but three members of the North team won individual honors as well.

Individual winners were:

- 1<sup>st</sup> place                      John Hensle (11<sup>th</sup> grade)  
2<sup>nd</sup> place                      Brenden Longfellow (12<sup>th</sup> grade)  
3<sup>rd</sup> place (tie)                Jared Wells (9<sup>th</sup> grade) and Steve Brandenburg (11<sup>th</sup> grade)

\*John, Brenden, and Jared are North students, and Steve is a Washington student.

Thank you to all who contributed to the third annual Taxation, Government, & Citizenship Competition for Vigo County high school students held on February 19, 2011. **THE EAGLE** was sponsored by:

*Indiana State University  
Rose-Hulman Institute of Technology  
Ivy Tech Community College  
Saint Mary-of-the-Woods College*

**Other financial and in-kind support has been provided by the following:**

John Hilderbrand	Terre Haute Savings Bank
Indiana Chamber of Commerce	Holly Pies
Vigo County School Corporation	The Vigo Co. Commissioners Golf Fund
Administrative Funds	The Duke Energy Foundation
Bernard & Shirley Ridens	Mike Morris
James R. Wiesneth Law Offices	Terre Haute Regional Hospital
Overhead Door	Mr. and Mrs. Gordon Bryan
Forrest Sherer	City of Terre Haute
Guille Cox	Susan Clements
Wright, Shagley, & Lowery, P. C.	Old National Bank
Riley Lions Club	R. Maines, The Coin Merchant
Carolyn Toops	Brian Bauer
John Wright	

**The test was developed with the help of the following people:**

Bernard Ridens	John McDonnall
Shirley Ridens	Tom Taylor
Susan Clements	Sharon Taylor
Randall Allen	Matt Hoxworth
Will Frankel	Susan Throckmorton
Rick Petty	Anna Harpenau

## TAX CALENDAR

### MARCH

#### MARCH 1, 2011

- Last day for farmers and fishermen to file their 2010 U.S. Individual Income Tax Return (Form 1040) and pay in full any tax in lieu of having filed 2010 form 1040ES (Estimated Tax for Individuals.) **IRS.**
- Last day for farmers to file 2010 individual income tax returns and pay in full any tax in lieu of having filed 2010 Form IT-40ES. **IDOR.**
- Assessment date for all tangible property (except mobile homes not assessed as real property). **Township and County Assessors.**
- Public utility and railroad assessment reports due. **Indiana Department of Local Government Finance.**
- Balance of 2010 insurance gross premium tax and reports due. **Indiana Department of Insurance.**
- Annual permit fees are due for regulated places of amusement and entertainment one year from the month the permit was issued. **State Fire Marshal.**

#### MARCH 6, 2011

- Last day for fiduciary to file Form 1041-T to allocate estimated tax payments to beneficiaries (calendar year). **IRS.**

#### MARCH 15, 2011

- Last day to provide Schedule K-1 (Form 1065-B) to partners in electing large partnerships. **IRS.**
- Annual Withholding Tax Return for U.S. Source Income of Foreign Persons (Form 1042) is due. Send Forms 1042 and Forms 1042-S to: Internal Revenue Service Center, Philadelphia, PA 19255. (Note: 250 or more Forms 1042-S require electronic or magnetic media filing.) **IRS.**
- Last day for calendar-year domestic corporations to file their 2010 income tax return (Form 1120, 1120-A, or 1120S). **IRS.**
- Dealer aircraft inventory excise tax subject to penalty if paid after March 15 (see February 28). **IDOR.**
- Last day for calendar-year corporations to file Form 2553 to elect S-corporation status. **IRS.**

#### MARCH 30, 2011

- Last date to file for property tax deductions for 2010 pay 2011 on a mobile or manufactured home that is not assessed as real property. **County Auditors.**

#### MARCH 31, 2011

- First day to file for property tax deductions for 2011 pay 2012 on a mobile or manufactured home that is not assessed as real property. **County Auditors.**

### APRIL

#### APRIL 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.**
- Proportional use credit certification application due for new applicants. **IDOR.**

#### APRIL 18, 2011

- Last day to file 2010 adjusted gross income tax return. **IDOR.**
- Farmers annual adjusted gross income tax return due for those who did not file declaration of estimated return on January 15. **IDOR.**

- Last day for filing declaration of estimated adjusted gross income tax (Form IT-40 or Form IT-40ES) for the year 2011 and payment of at least first installment of estimated tax for individuals required to file such declaration. (Individuals who receive at least two-thirds of their gross income from farming may postpone their filing of such declaration for 2011 until January 15, 2011) (calendar-year basis). **IDOR.**
- Indiana corporation income tax returns (Forms IT-20 and URT) due for corporations (calendar-year filers). **IDOR.**
- Last day to file annual partnership return (Form IT-65), small business corporation return (Form IT-20S) and financial institutional return (Form FIT-20) (calendar year filers). **IDOR.**
- Last day for non-residents to file annual adjusted gross income tax return (Form IT-40PNR). **IDOR.**
- Estimated quarterly insurance gross premium tax due. **Indiana Department of Insurance.**
- Due date of 2010 Fiduciary Return (Form IT-41) for a decedent's estate or for a trust (calendar year). **IDOR.**

#### APRIL 17, 2011

- Due date for certain Exempt Organization Business Income Tax Return (Form 990-T) items for calendar-year basis organizations. Items due on this date include employee pension plan trusts under code section 401(a), medical savings accounts, and IRAs (including SEPs, SIMPLEs, ROTHs, and education IRAs). **IRS.**
- Due date of 2010 annual individual income tax return (Form 1040, 1040A, or 1040EZ) and full payment of remaining tax (calendar year). **IRS.**
- Due date of first installment of estimated tax for individuals (Form 1040-ES) for the year 2011. Individuals who receive at least two-thirds of their estimated gross income from farming may make a sincere effort to pay all of their estimated federal income tax on January 15, 2012 (calendar year). **IRS.**
- Last day to file fiduciary return (Form 1041) for a decedent's estate for 2010 or for a trust for 2010 (calendar-year basis). **IRS.**
- Due date of first estimated tax payment (Form 1041-ES) for an estate or trust for 2011. **IRS.**
- Due date of annual partnership return (Form 1065) (calendar-year basis). **IRS.**
- Due date of first installment of corporation estimated tax (Form 1120-W) (calendar-year basis). **IRS.**
- Annual federal gift tax return (Form 709) due. **IRS.**

#### APRIL 20, 2011

- Due date for filing corporation quarterly return (Forms IT-6, FT-QP and URT-Q) for taxpayers on a calendar-year basis or with a fiscal year that ends on the closing date of the calendar quarter. **IDOR.**

#### APRIL 30, 2011

- Last day to file contribution report (UC-1), quarterly payroll (UC-5A), and quarterly payroll continuation sheet (UC-5B) for first quarter of 2011. **Indiana Department of Workforce Development.**
- 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 file combined withholding tax and federal insurance contributions tax return (Form 941) for first quarter of 2011. **IRS.**

- Last day to deposit first quarter 2011 federal unemployment tax payments (Form 940) if more than \$500. **IRS.**
- Due date of Form 720 (Quarterly Federal Excise Tax Return). **IRS.**
- Annual report for passenger and household goods carriers (Form MCS-3) due. **IDOR.**

**Table of Contents of Tax Matters Issues 10-10 through 11-02**

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 February 2011 and this table does the same. The next issue will continue from this point.

Topic	Issue	Topic	Issue
Annual Meeting	10-10, 11-01	Rates 2010 Pay 2011	10-12
Property Tax Report	10-10	Workshop	11-01
Comparing Districts/Townships	10-10, 11-01	Honey Creek Cons. District	11-01
Caps	10-10	Calculating Property Tax Bill	11-01
Federal States Tax Analysis	10-10	State of the State	11-01
Eagle	10-10, 11-01, 11-02	Ranking State Sales Taxes	11-01
Hoosier Survey	10-11	Giving Credit Where Credit is Due	11-02
Economic Impact of Home Building	10-11	Non-Public Schools	11-02
Flat Tax	10-11	Vigo County Bridges	11-02
Rural Health Innovation Collaborative	10-11		

**\*\*The next regular board meeting of the Taxpayers Association will be held March 15 at the Law Office of Will Frankel at 333 Ohio. All members are welcome to attend this meeting.**