



Tax Topics

A Publication of the Taxpayers Association of Vigo County, Inc.
7 S Meadows Shopping Center, Terre Haute, IN 47803

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www.Taxtopics.org

CrackerBarrels.....

So what is a Crackerbarrel? Actually they are a Legislative CrackerBarrel wherein our state legislators who represent our districts come here and talk about what is going on in the state government, from their perspective as well as issues they are pushing. These are held in the Library Lower Level on the second Saturdays of the month at 10:00am. Schedule of meetings are: **Jan 12, Feb 9, March 9, and April 13.** (if the legislature is still in session.) Coffee and donuts are provided. The sponsors then have an opportunity for comment or questions, followed by comments / questions from the general public. There is no fee for these meetings.

Coke and Carbon Cleanup.....

The Coke and Carbon Clean Up Bond itself will be for \$7,000,000 – part of the \$140,000,000. These funds will be used for the first part of the Coke Plant cleanup. My comment was “won’t that look like the sewer fees are going to pay for the Coke Plant cleanup?” While it could appear that way, the city had coordinated with the Indiana Finance Authority who offered a discount in conjunction with the EPA and a Green project and that by combining the two projects; they were eligible for a 0.005 discount on the entire bond. In essence it is free money in that the savings more than compensates for Coke Plant portion and that the discount would not be available on the \$133,000,000 without the “green” initiative. The discount of 0.005% equates to a \$ 7,000,000 savings. Compliments to the city for taking advantage of a great opportunity.

Taxpayers Association

The following are the schedule of meetings of the Board of Directors of the Taxpayers Association of Vigo County, Inc., for 2013:

January 24th 2013

April 12, 2013 **Annual Meeting

June 20th, 2013

August 15th, 2013

October 17th, 2013

December 19th 2013

Board meetings begin at 12 noon. Location is determined at each meeting for the next meeting.

Sewers.....

The City Council passed the Sanitary District upgrade that is required by the EPA. This project will cost approximately \$140,000,000 and will be financed by a Revenue Bond. The financing will require an annual 15% increase in sewer rates for 3 years beginning in July 2013. There really were no options here. If the city did not move ahead, the Federal Government would come in and take over the Sewer Operation and set the rates. It was interesting that at the council meeting there were only two residents that had questions, and no one objected or complained.

Property Taxes – What in the world happened?

When the Net Assessed Values for Vigo County were released by the DLGF, most folks were just shocked. The city administration and most folks were anticipating the values to remain relatively constant. But it was a year of General Reassessment and the outcome was twofold. First Commercial properties particularly in Honey Creek and Harrison Townships took a real nose dive and second residential properties moved upwards particularly in subdivision development areas. The data below emphasizes the change in township totals. While this aggregate data was available in mid January, any indication as to what was driving the changes was not quite so clear. The total decline in Net Assessed Value (NAV) was \$146,777,213 or 4%, but some areas such as Terre Haute – Honey Creek dropped by as much as 44%. But, what did we know? We knew that New Land values were being used as mandated by the DLGF. New cost tables had been provided and loaded and there were multipliers to adjust each county appropriately. The basic cost tables had not been adjusted since 2002. Now we have new cost data and a multiplier of 92% - or a reduction of 8% for Vigo County. It wasn't until the end of February that detail data was loaded into Beacon. We immediately started to evaluate what had happened and where. Within 6 hours two trends became clear: One, Commercial property in Harrison and Honey Creek townships had taken a huge drop and reciprocally nicer subdivisions had taken a boost in values. Since the release of the detail assessment data, we have reviewed over 900 properties. On individual homes, it appears that the market data is driving a statistical model that is then used to determine overall value of a property and that the structures are valued using the cost tables. Variances then are applied to the land values to reach a total for the property. We really cannot explain these properties any further since we haven't seen one example calculated completely through, but do see significant fluctuations in the land values per acre. The best and only advice we have given, is that if you feel your NAV is too high, then file an appeal and provide documentation for your believed values. On the commercial properties, although we could see clearly the significant drop in NAV from the prior year, the root cause was not clear. We sat with Deborah Lewis and walked through the complete set of data for several properties. In order to gain an understanding, you have to look at the detail property cards for a property for two years and compare the specific values associated with each valuation factor. In reviewing the detail of Kroger North (see Decline in Values Table – Sample Data) Deborah pointed out

depreciation factors hadn't been updated for quite a while since Indiana Law and the DLGF had explicit instructions to the assessors in prior years that the depreciation factors were to only be updated in a year of general reassessment. Now the last general reassessment was in 2002. And yes, Kroger's depreciation value was 46 all the way back. It is not that the Depreciation factor has all that much weight, rather that it hadn't been adjusted for so long. Summarized in the Decline in Values Table – Sample Data are 18 properties, some at random, some based on significance. The trend and impact is clear in that these properties represent 42% of the drop in value in Harrison and Honey Creek and will reduce the property tax on them by \$1,905,586. The good news is that DLGF has directed assessors to adjust the Depreciation factor for properties annually going forward and the reassessment will be done for 25% of the properties each year, so there won't be a 10 year lag. Our first question was to determine if this was implemented correctly or were there mistakes made. After review with Deborah and consultation with external legal representation as well as an

2012 - 2013 Net Assessed Value for Vigo County - by Township

District Name	NAV 3/1/11	NAV 3/1/12	Change from 2012 To 2013	
Fayette Township	\$164,954,352	\$139,739,455	\$25,214,897	-18%
Terre Haute City-Harrison Town	\$1,276,631,163	\$1,224,215,468	\$52,415,695	-4%
Honey Creek Township	\$119,947,524	\$92,560,411	\$27,387,113	-30%
Honey Creek Township-Sanitary	\$453,313,738	\$447,021,065	\$6,292,673	-1%
Terre Haute City-Honey Creek T	\$250,109,341	\$173,897,396	\$76,211,945	-44%
Linton Township	\$65,601,283	\$67,105,859	\$1,504,576	2%
Lost Creek Township	\$70,684,624	\$68,237,787	\$2,446,837	-4%
Lost Creek Township-Sanitary	\$68,810,886	\$88,502,077	\$19,691,191	22%
Terre Haute City-Lost Creek To	\$166,656,353	\$167,043,352	\$386,999	0%
Seelyville Town	\$20,265,767	\$20,649,021	\$383,254	2%
Nevins Township	\$58,952,517	\$60,368,213	\$1,415,696	2%
Otter Creek Township	\$109,248,928	\$107,466,204	\$1,782,724	-2%
Otter Creek Township-Sanitary	\$172,369,377	\$187,422,036	\$15,052,659	8%
Terre Haute City-Otter Creek T	\$123,760	\$122,150	\$1,610	-1%
Pierson Township	\$83,246,161	\$81,300,836	\$1,945,325	-2%
Prairie Creek Township	\$44,891,431	\$49,626,210	\$4,734,779	10%
Prairieton Township	\$36,965,809	\$37,036,786	\$70,977	0%
Riley Township	\$98,631,601	\$90,868,713	\$7,762,888	-9%
Riley Township-Sanitary	\$23,805,999	\$23,666,699	\$139,300	-1%
Riley Town	\$5,845,245	\$5,603,487	\$241,758	-4%
Sugar Creek Township	\$150,118,631	\$168,945,854	\$18,827,223	11%
West Terre Haute Town	\$31,044,037	\$34,409,755	\$3,365,718	10%
Terre Haute City -- Riley Town	\$4,678,115	\$3,885,730	\$792,385	-20%
Linton Township - Sanitary	\$38,819,610	\$35,911,756	\$2,907,854	-8%
Fayette New Goshen Fire	\$127,276,862	\$120,609,581	\$6,667,281	-6%
Total	\$3,642,993,114	\$3,496,215,901	\$146,777,213	-4%

Source: DLGF Website - Certified Net Assessed Values

Decline in Values Table - Sample Data

1) 2012 tax payable in 2013 is current values in Beacon

2) Property contains appeals as well.

Drop in Harrison Twsp & Honey Creek Twsp **\$ (156,799,004)**
42%
 Total of Items below: **\$ (65,430,770)**

Business	3/1/2012				3/1/2011				NAV Change
	CompValue	Depr	Ext NAV	Actual Tax	CompValue	Depr	Ext NAV	Tax	
1 Kroger North - 84-06-02-355-003.000-002	\$ 3,121,140	78	\$ 842,700	\$ 25,281	\$ 3,317,760	46	\$ 2,471,500	\$ 74,145	\$ (1,628,800)
2 Kroger Wabash 84-06-23-251-002.000-002	\$ 7,969,680	80	\$ 2,881,500	\$ 86,445	\$ 7,517,510	69	\$ 4,664,500	\$ 139,938	\$ (1,783,000)
3 Kroger South 84-09-09-426-009.000-004	\$ 3,549,740	30	\$ 2,927,800	\$ 68,294	\$ 3,270,670	0	\$ 4,467,600	\$ 108,134	\$ (1,539,800)
Regional Hospital 84-09-09-226-012-000-005	\$ 3,204,610	10	\$ 3,111,000	\$ 93,330	\$ 3,714,000	0	\$ 3,726,600	\$ 96,147	
Abaitment- Office & Exec (2012 = Est)			\$ (900,000)				\$ (1,114,200)		
Regional Hospital 84-09-09-226-004-000-005	\$ 21,819,860	40	\$ 14,222,700	\$ 445,555	\$ 19,169,250	21	\$ 22,018,400	\$ 689,770	
Regional Hospital 84-09-09-226-007.000-005	\$ 2,477,900		\$ 2,477,900	\$ 74,337	\$ 2,398,800		\$ 2,398,800	\$ 75,147	
Note: Appears income valuation may have been used for offices									
4 Regional Hospital Totals	\$ 27,502,370		\$ 18,911,600	\$ 613,222	\$ 25,282,050		\$ 27,029,600	\$ 861,064	\$ (8,118,000)
5 John's Dental Lab-84-06-27-129-024.000-002	\$ 555,140	80	\$ 137,300	\$ 4,119	\$ 388,200	48	\$ 298,300	\$ 8,949	\$ (161,000)
Bemis 84-06-12-300-002.000-02	\$ 8,361,100	39	\$ 6,438,100	\$ 193,143	\$ 8,718,980	7	\$ 10,410,870	\$ 362,304	\$ (3,972,770)
Bemis 84-06-12-300-002.000-02	\$ 11,124,510	69	\$ 4,248,800	\$ 127,464	\$ 11,965,650	43	\$ 9,707,900	\$ 291,237	\$ (5,459,100)
6 Bemis Totals (Note 2)	\$ 19,485,610		\$ 10,686,900	\$ 320,607	\$ 20,684,630		\$ 20,118,770	\$ 653,541	\$ (9,431,870)
Menards 84-06-03-451-001.000-002	\$ 6,818,390	31	\$ 5,752,100	\$ 172,563	\$ 5,630,810	0	\$ 8,769,400	\$ 263,082	\$ (3,017,300)
Menards 84-06-03-451-005.000-002	\$ 171,400	80	\$ 134,800	\$ 4,044	\$ 136,560	0	\$ 304,000	\$ 9,120	\$ (169,200)
7 Menards Total	\$ 6,989,790		\$ 5,886,900	\$ 176,607	\$ 5,767,370		\$ 9,073,400	\$ 272,202	\$ (3,186,500)
8 CBS - 84-06-127-005.000-002	\$ 8,760,600	77	\$ 2,347,700	\$ 70,431	\$ 8,129,630	52	\$ 5,132,600	\$ 153,978	\$ (2,784,900)
9 Tredegar Film - 84-06-01-300-006.000-002 (note	\$ 6,407,690	80	\$ 2,000,800	\$ 60,024	\$ 6,410,090	77	\$ 3,459,900	\$ 103,797	\$ (1,459,100)
DADC - 84-06-12-200-031.000-002	\$ 11,573,840	43	\$ 7,019,300	\$ 210,579	\$ 11,311,120	14	\$ 13,028,800	\$ 390,864	\$ (6,009,500)
DADC - 84-06-12-127-003.000-002	\$ 27,687,800	67	\$ 17,920,500	\$ 420,926	\$ 25,875,689	39	\$ 28,043,600	\$ 627,420	\$ (10,123,100)
DADC - 84-06-12-200-026.000-002	\$ 226,970	80	\$ 77,000	\$ 2,310	\$ 185,300	80	\$ 94,000	\$ 2,820	\$ (17,000)
10 DADC Total	\$ 39,488,610		\$ 25,016,800	\$ 633,815	\$ 37,372,109		\$ 41,166,400	\$ 1,021,104	\$ (16,149,600)
Drury Inn - 84-09-04-202-005.000-005	\$ 5,531,910	20	\$ 4,804,100	\$ 144,123	\$ 70,860,070	5	\$ 8,629,200	\$ 235,086	
Pear Tree - 84-09-04-002-009.000-005	\$ 1,703,510	25	\$ 1,440,600	\$ 43,218					
11 Combined Drury & Pear Tree	\$ 7,235,420		\$ 6,244,700	\$ 187,341	\$ 70,860,070		\$ 8,629,200	\$ 235,086	\$ (2,384,500)
12 Big Lot's 84-09-09-426-008.000-004	\$ 7,301,820	54	\$ 4,988,800	\$ 122,989	\$ 6,620,730	18	\$ 7,099,100	\$ 162,406	\$ (2,110,300)
13 Lowe's 84-09-09-451-003.000-004	\$ 5,253,600	44	\$ 3,747,400	\$ 92,385	\$ 4,512,560	6	\$ 5,998,800	\$ 137,234	\$ (2,251,400)
14 KMart 84-09-09-402-002.000-004	\$ 6,101,220	38	\$ 5,330,200	\$ 124,332	\$ 7,038,750	9	\$ 9,585,300	\$ 232,002	\$ (4,255,100)
15 Baskin Robins 84-09-04-327-008.000-005	\$ 118,120	60	\$ 65,000	\$ 1,950	\$ 86,940	20	\$ 113,000	\$ 3,539	\$ (48,000)
16 Steak & Shake 84-06-33-464-001.000-002	\$ 429,340	60	\$ 265,300	\$ 7,959	\$ 340,420	9	\$ 611,500	\$ 18,345	\$ (346,200)
17 Furniture Row - 84-09-04-101-011.000-005	\$ 2,697,060	29	\$ 2,143,000	\$ 64,290	\$ 2,517,070	0	\$ 3,614,500	\$ 107,028	\$ (1,471,500)
18 Ampacet Corp - 84-06-01-400-021.000-002 Note	\$ 8,320,450	68	\$ 3,518,300	\$ 105,549	\$ 11,717,160	19	\$ 12,624,400	\$ 378,732	\$ (9,106,100)
Totals	3/1/2012				3/1/2011				
	CompValue	Depr	Ext NAV	Tax Note 1	CompValue	Depr	Ext NAV	Tax	
Totals	\$ 161,287,400		\$ 97,942,700	\$ 2,765,639	\$ 221,833,719		\$ 166,158,370	\$ 4,671,224	
Total Reduction in property taxes				\$ (1,905,586)					

independent property tax management firm, it became clear this was done correctly. The commissioner of the DLGF also confirmed the reassessment was handled correctly with respects to the depreciation issue. The property tax management firm summed it up in "what we have here is a convergence of logistic, economic, legislative and administrative issues." Logistical in that many cities are aging and don't have a lot of new structures. Economic in that values are declining and legislative and administratively in that the depreciation issue is a mess and the time duration between general reassessment was way too long. When the first Net Assessed Value were distributed to property owners, there was a lot of conversation about the values being political in nature and certain people getting benefits over others, it should be noted that in working with Deborah Lewis and researching the properties we have, we found nothing to support those comments or concerns.

City of Terre Haute – Spotlight -Wastewater Utility

What an awesome project! Mayor Bennett has suggested having an open house at the Wastewater Utility. Now I am sure this is on everyone's priority list.....however it is both interesting and awesome and worth the time. I was fortunate to join some city council members for a tour. Director Mark Thompson took us on the tour. First stop was the Headworks project which has been complete. This is where the initial larger objects get removed....yes even a bowling ball came through. The Headworks facility has Air Scrubbers to remove the majority of the odder inside the building, which were doing a great job. Next up the flow tanks where the micro organisms or "Bugs" as Mark referred to them, which breakdown the human waste. Then on to more filtration tanks and finally out to the river....water clean enough to meet Federal Standards. The facility monitors and tests each stage of the operation to ensure compliance. After a visit to the maintenance shop (an area that was organized to the max and had floors clean enough to eat off of) we visited the 3 new Clarity Processing tanks. Just plain huge. They extend well over 30 feet in the ground and contractors were installing rebar and concrete. Mark also pointed out equipment that will be removed and the reason for it, - mostly due to age and cost to maintain. The current facility has the capacity and usually does process 11,000,000 gallons per day. The problem is that when we have a rain event, it can peak to 20,000,000 or more which exceeds the capacity and ends up dumping product into the river which it shouldn't. This capacity issue is also a limitation when attempting to attract new businesses to the community. The EPA had other issues as well with some of the equipment and it's functionality and thus the need for the \$ 131,000,000 project. When complete, the facility will have a capacity of 40,000,000 gallons per day and the capability to offload to the river simple rainwater. We would compliment Mark on the superb level of organization and thoroughness with which he manages the operation. One of his prime focuses is to be sure each of the employees has what they need to do there job with pride. This was evident in each of the employees we encountered. Great Job Mark!

City Finishes the year of 2012 with a positive balance in the General Fund, but did disburse more than it received.

Terre Haute City - General Fund for 2012

Data provided by the DLGF

	Actual	Adjusted for Loans & Transfers
Beginning Balance 1/1/2012	(\$4,533,957.00)	(\$4,533,957.00)
2012 Receipts (Note 1)	\$39,086,128.83	\$30,492,193.83
2012 Disbursements	\$31,785,899.19	\$31,785,899.19
Ending Balance 12/31/2012	\$2,766,272.64	(\$5,827,662.36)

Note 1: The 2012 Receipts and the Ending Balance for 2012 include the \$ 5,030,090 loan (or tax anticipation warrant) and the transfer from the Rainy Day Fund of \$3,500,000 These would not represent Operational issue and are excluded in the Adjusted data column.

Amount Disbursed above amount of Receipts (\$1,293,705.36)

Congratulations Vigo County School

Corporation – to the Board, the Administration, the staff, the Principals, Teachers and Students on the graduation rate of 92.2!!!!

Graduation Rate for Top 10 Indiana Urban School Districts 2011-2012 Statutory Graduation Data

School District	Enrollment	2012 Graduation Rate
Fort Wayne(#2035)	30,821	87.1%
Indianapolis Public Schools(#5385)	28,193	66.1%
Evansville-Vanderburgh (#7995)	22,799	82.3%
South Bend Comm (#7205)	20,156	76.8%
MSD Wayne Twn (# 5375)	16,277	87.8%
Vigo County School (#3030)	15,601	92.2%
MSD Lawrence Twn (# 5330)	14,878	84.3%
MSD Perry Twn (#5340)	14,448	91.7%
School City of Hammond(#4710)	13,744	68.4%
Elkhart Community Schools (# 2305)	12,567	84.5%
Indiana	1,041,602	87.9%

Source: State of Indiana