

TAX MATTERS

**JULY 2010, Issue #10-07, by Bernard Ridens, Executive Director
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REVIEW OF PAST TAX MATTERS

JUNE 2010 (#10-06)

- **THE HIT LIST – CUTTING GOVERNMENT SERVICES 201**
 - During the past month the Taxpayers Association has been gathering suggestions of ways local government could reduce budgets and or function more efficiently thus avoiding any tax increases or new taxes such as local income taxes.
- **EXAMINATION OF EFFECT OF PROPERTY TAX CAPS**
 - We are presenting several situations and demonstrating graphically the change in the amount of property tax dollars distributed to each entity because of the cap.
- **PLANNING AHEAD**
 - A two-part tax caps article by Gary Malone
- **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.

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. COUNTY TAX CAP STUDY

This past 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
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

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

		VIGO	SULLIVAN	PARKE	CLAY	PUTNAM	VERMILLION	TOTAL
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

2. 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. Bare 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

3. 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

4. WHO'S IN CHARGE?

The board of directors of the Taxpayers Association for the next year or until the next annual meeting are:

Marla Ames	Vicki Barrett	Brian Bauer
Charles Beckwith	Rick Braden	Amy Cleveland
Kim Dillion	Bart Douglas	William Frankel
Cindy Gordon	David Hannum	John Hilderbrand
Don Ireland	Rick Jenkins	Joe Kenworthy
Matthew McFarland	Eric McGlone	Mike Morris
John Ragle	Patrick Ralston	Gregg Scott
James Stolt	Thomas Templeton	Paul Thiemann
Robert Thompson	Carolyn Toops	Mark Zimmerly

Officers elected by the board at a Taxpayers Association meeting held Tuesday, July 20 are:

Vicki Barrett	President
John Hilderbrand	1 st Vice President
John Ragle	2 nd Vice President
Marla Ames	Secretary
Amy Cleveland	Treasurer

The next regular meeting of the T.A. Board of Directors will be held on September 21 at the MCL Restaurant at 12:00 noon. All members are welcome to attend and lunch will be available at 11:00 A.M. if you care to come early and socialize.

5. VIGO COUNTY REASSESSMENT CONTRACT

All counties in the State of Indiana are required to begin the 2012 property reassessment on July 1, 2010. Vigo County has entered a contract with Indiana Assessment Services from Rochester, Indiana, to meet that requirement. The county will pay \$598,950 for the contracting services. Also, if the contractor is needed for help in the assessor's office after mailing of the Notices of Assessment over five business days, the assessor is to pay the contractor \$600 per overtime business day. If the contractor is needed for any reassessment appeal hearing, a fee of \$600 per day will be paid to the contractor for services rendered.

6. HIT LIST

The fifteen most popular items on the Hit List published last month are:

LIGHTS ON ATHLETIC FIELDS; PLAY VCSC FOOTBALL GAMES ON SATURDAY AFTERNOON

CLOSE A GOLF COURSE

MERGE CITY AND COUNTY PARKS TO ONE SYSTEM

ELIMINATE CITY TRANSIT SYSTEM (LET A PRIVATE COMPANY SUCH AS YELLOW CAB PROVIDE THE SERVICE)

CONSIDER FOUR-DAY SCHOOL WEEKS (MONDAY-THURSDAY, TUESDAY-FRIDAY)

LOWER WINTER BUILDING TEMPS (ALL UNITS)

RAISE SUMMER BUILDING TEMPS (ALL UNITS)

CHARGE A FEE FOR CITY TRASH PICK-UP

REDUCE THE JAIL POPULATION – WHAT ARE OTHER COUNTIES DOING?

RELOCATE CITY POLICE DEPARTMENT TO WASHINGTON SCHOOL BUILDING

PRIVATIZE EMS SERVICE

CONSIDER A COUNTY-WIDE FIRE DEPARTMENT

ALLOW CERTAIN JAIL INMATES TO DO MORE COMMUNITY SERVICE PROJECTS

CHARGE A SURTAX OR FEE FOR GOVERNMENT SERVICES SUCH AS EXCESSIVE USE OF EMS OR SECURITY SYSTEM ALARMS

SELL SURPLUS PROPERTIES

Some items on the Hit List under consideration and/or being implemented are:

USE LESS PAPER – CITY, COUNTY, VCSC

RAISE FEES (HEALTH – NON-COUNTY RESIDENTS)

MOW LESS GRASS IN THE PARKS

RAISE BUS FEES, SELL SPECIAL PASSES

HIRE FEWER FULL-TIME EMPLOYEES

OFFER RETIREMENT BUY-OUTS

Please let me know what you think would be the things to be the highest priorities on the List.

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.

Date	Time	Public Meeting	Location	Contact Info
Mon. Aug. 2	4:00 pm	<u>Vigo County Drainage Board</u>	County Annex	David 898-2685
Mon. Aug. 2	4:30 pm	Animal Control Board	City Hall – 1 st Floor	
Mon. Aug. 2	6:30 pm	Riley Town Board	Riley Town Hall	Wanda 894-2410
Mon. Aug. 2	6:30 pm	<u>Local Emergency Planning Committee</u>	Vigo County Public Library	Jon 232-5411
Tue. Aug. 3	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Aug. 3	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Aug. 3	4:30 pm	Honey Creek Conservancy District	3241 S. 3 rd Place	Craig 232-4311
Wed. Aug. 4	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy 462-3367
Wed. Aug. 4	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. Aug. 5	7:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Aug. 9	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Aug. 9	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Aug. 9	6:00 pm	West Terre Haute Town Board	500 W. Nat'l, WTH	Melody 533-2034
Mon. Aug. 9	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Aug. 10	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367

Date	Time	Public Meeting	Location	Contact Info
Tue. Aug. 10	7:00 pm	Seelyville Town Board	Seelyville Water Office	Tamara 877-2665
Wed. Aug. 11	10:00 am	<u>County Board of Zoning Appeals</u>	County Annex	Judy 462-3367
Wed. Aug. 11	2:00 pm	<u>E-911 Advisory Board</u>	County Jail – Sheriff's Training Room	Greg 462-3226 ext. 320
Wed. Aug. 11	4:20 pm	<u>City Park Board – General Meeting</u>	Deming Park	Eddie 232-2727
Wed. Aug. 11	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Thur. Aug. 12	7:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Aug. 16	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Aug. 17	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Aug. 17	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Wed. Aug. 18	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Aug. 18	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Thur. Aug. 19	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Aug. 23	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Aug. 23	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Aug. 23	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Mon. Aug. 23	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Aug. 24	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Aug. 24	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Wed. Aug. 25	4:30 pm	<u>City Park Board – Business Meeting</u>	Deming Park	Eddie 232-2727
Wed. Aug. 25	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. Aug. 25	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Tue. Aug. 31	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367

END

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