



A Publication of the Taxpayers Association of Vigo County, Inc. Winter 2009

**THE 2009 ANNUAL REPORT**

The 2009 Annual Report is complete. It is posted on the Taxpayers Association web site, [www.taxtopics.org](http://www.taxtopics.org). 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](mailto:taxtopics@aol.com).

Non-members may purchase a paper copy for \$10.00 plus approximately \$3.50 for postage and handling or a CD for \$3.00, plus \$3.00 for shipping and handling.

**2009 VIGO COUNTY PROPERTY TAX REPORT**

The Indiana Legislative Services Agency produced reports on every county detailing the changes in property tax bills and the distribution of tax levies. You can find the five-page Vigo County Property Tax Report in either the Annual Report or by following this link: <http://www.in.gov/legislative/pdf/VIGO09.PDF>.

**WANTED: IN GOOD CONDITION**

Due to the economy and a few non-renewals of TA members for 2009, we are now in a begging mode. The Taxpayers Association office is in serious need of the following items:

1. Laptop (notebook) computer with PowerPoint and wireless capabilities
2. Black & white copier – must have 11x17 two-sided capability and computer control. We will maintain a service contract with the above.

If you can help or offer an idea on any of the above, please respond to this note. Thank you.

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**THE BLUEBERRY STORY**

By Jamie Vollmer

"If I ran my business the way you people operate your schools, I wouldn't be in business very long!"

I stood before an auditorium filled with indignant teachers who were becoming angrier by the minute.

I represented a Business Roundtable dedicated to improving public schools. I said that public schools were antiquated and that teachers and administrators were a major part of the problem: they resisted change, hunkered down in their feathered nests, protected by a monopoly. They needed to look to business. We knew how to produce quality. Zero defects! Continuous improvement! TQM!

As soon as I finished, a woman's hand shot up. She appeared polite, pleasant – she was, in fact, a razor-edged, high school English teacher who had been waiting to unload.

She began quietly, "We are told, sir, that you manage a company that makes good ice cream."

I smugly replied, "People Magazine chose our blueberry as 'The Best Ice Cream in America,' Ma'am."

"How nice," she said. "Is it rich and smooth?"

"Sixteen percent butterfat," I crowed.

"Premium ingredients?" she inquired.

"Superpremium! Nothing but AAA." I was on a roll. I never saw the next line coming.

"Mr. Vollmer," she said, leaning forward with a wicked eyebrow raised to the sky, "when you are standing on your receiving dock and you see an inferior shipment of blueberries arrive, what do you do?"

In the silence of that room, I could hear the trap snap. I knew I was dead, but I wasn't going to lie.

"I send them back."

"That's right!" she barked, "and we can never send back our blueberries. We take them big, small, rich, poor, gifted, exceptional, abused, frightened, confident, homeless, rude, and brilliant. We take them with ADHD, junior rheumatoid arthritis, and English as their second language. We take them all! Every one! And that, Mr. Vollmer, is why it's not a business. It's school!"

In an explosion, all 290 teachers, principals, bus drivers, aides, custodians, and secretaries jumped to their feet and yelled, "Yeah! Blueberries! Blueberries!"

And so my long transformation began.

I have learned that, unlike business, schools are unable to control the quality of their raw material, they are constantly mauled by a howling horde of disparate, competing customer groups, and they are dependent upon the vagaries of politics for a reliable revenue stream.

None of this negates the need for change. We must change what, when, and how we teach to give all children maximum opportunity to thrive in a post-industrial society. But these changes can occur only with the understanding, trust, permission, and active support of the surrounding community. For the most important thing that I have learned is that schools reflect the attitudes, beliefs, and the health of the communities they serve, and therefore improving public education means more than changing our schools, it means changing America .

*Jamie Vollmer is a presenter who speaks on the need for true public school reform. His web site is [www.jamievollmer.com](http://www.jamievollmer.com).*

**THIRTY-YEAR SALARY COMPARISON**

When I was going through stuff in my basement, I came across a 1979 issue of an old local publication called the *Saturday Evening Spectator*. The cover story was on salaries of Vigo County public officials. We decided to compare those figures of how much select officials made in 1979 with the salaries of the equivalent job descriptions that we researched in 2009.

<b>OFFICE / POSITION</b>	<b>1979 COMPENSATION</b>	<b>2009 COMPENSATION</b>	<b>2009 POSITION TITLE (if different from 1979)</b>
ASST. DIRECTOR, LIBRARY	23,174	67,980	Administrative Coordinator
ASST. SUPT. INSTRUCTION VCSC	31,909	116,686	
CITY ATTORNEY, TERRE HAUTE	16,347	65,613	
CITY CLERK, TERRE HAUTE	15,000	51,750	
CITY ENGINEER, TERRE HAUTE	20,867	72,308	
CIVIL DEFENSE DIRECTOR	14,000	38,399	Emergency Management Director
COUNTY ASSESSOR	15,975	43,587	
COUNTY AUDITOR	16,500	43,587	
COUNTY CLERK	16,500	43,587	
COUNTY COMMISSIONERS (3)	16,500	46,701	
COUNTY HIGHWAY ENGINEER	16,900	70,399	
COUNTY HIGHWAY SUPERVISOR	11,490	43,067	Superintendent of Highway Department
COUNTY RECORDER	13,500	43,587	
COUNTY SHERIFF	16,500	130,647	
COUNTY SURVEYOR	13,500	43,587	
COUNTY TREASURER	16,500	43,587	
DATA PROCESSING DIR TERRE HAUTE	13,860	60,686	IT Manager
DIR COUNTY DATA PROCESSING	14,500	41,408	Information Services Director
DIR HULMAN FIELD AIRPORT AUTHORITY	13,800	75,846	
DIRECTOR, VIGO COUNTY LIBRARY	27,690	84,355	
DIRECTORS OF ELEM ED & VOC ED (2)	29,872	99,193-110,847	Executive Director Secondary Education, Executive Director Elementary Education
EXEC DIR AREA PLANNING	15,900	42,994	
FIRE CHIEF, TERRE HAUTE	17,850	62,245	
GROUP HOMES DIR WELFARE DEPT	15,000	49,874	
HARRISON TWP ASSESSOR	13,500	39,436	
HIGH SCHOOL PRINCIPALS VCSC	30,551	82,525-97,479	

OFFICE / POSITION	1979 COMPENSATION	2009 COMPENSATION	2009 POSITION TITLE (if different from 1979)
MAYOR, CITY OF TERRE HAUTE	25,000	87,035	
POLICE CHIEF, TERRE HAUTE	17,850	62,245	
PRINCIPALS/ASST PRINCIPALS VCSC	20,000-28,000	69,424-89,908	
PROSECUTOR	21,650	5,000*	full-time then, part-time now
SUPERVISOR MAINTENANCE VCSC	21,725	93,602	Director Facility Support and Transportation
SUPERVISOR PAYROLL & PERSONNEL RECORDS VCSC	16,840	70,841	Accounting Supervisor/Department Treasurer
SUPT OF PARKS, TERRE HAUTE	12,600	62,065	
SUPT OF PARKS, VIGO COUNTY	12,450	48,560	
SUPT OF SCHOOLS, VCSC	39,500	135,338	
SUPT. SEWAGE TREATMENT PLANT	20,810	66,951	Wastewater Utility Director

Source: *The Spectator*, August 18, 1979

**CITY PARKS ON FACEBOOK**



**Media Release**

**FOR IMMEDIATE RELEASE**

Contact:  
 Eddie Bird  
 Park Superintendent  
 Phone: 812-232-2727  
[eddie.bird@terrehaute.in.gov](mailto:eddie.bird@terrehaute.in.gov)

**Terre Haute Parks and Recreation Department turns to Facebook**

The Terre Haute Parks Department has setup a Facebook account to promote the Park’s general information to the public. Facebook has become one of the fastest growing communication tools with several government entities throughout the country using Facebook to save money and to communicate information.

If anyone using Facebook would like to become a FAN of the Terre Haute Parks Department, just type “Terre Haute Parks Department” in the Facebook search line. If you would like to become a FAN and do not have a Facebook account, you will need to setup an account. After setting up your account, just type “Terre Haute Parks Department” in the search line and begin to receive park information on programs, events, park donations, fees, programs and event cancellations, etc.

Eddie Bird  
Superintendent of Parks and Recreation

### **HUMAN RELATIONS COMMISSION**

Occasionally we bring focus to a local government organization and what services they provide for the community. The following is the overview from the Terre Haute Human Relations Commission Annual Report:

The Human Relations Commission consists of seven citizens of the City of Terre Haute who are appointed by the Mayor and the City Council. Commissioners serve on a volunteer basis for three-year terms to carry out the responsibilities stated in General Ordinance No. 2, 1999 and General Ordinance No. 32, 2003. The Commission budget is funded by the Common Council and includes the salary of one staff person to administer the duties.

The Human Relations Commission provides a **local alternative** to having civil rights law agencies from the federal and state government investigating civil rights complaints in Terre Haute. The director does an intake from complaints and gives time for the respondents to review the information. He then offers reconciliation and mediation services for discrimination issues. The local Commission also provides technical assistance and training to employers, landlords, educators or any person trying to eliminate issues of discrimination.

Interest in the 1990s by a local community taskforce resulted in the creation of the Human Relations Commission when Terre Haute General Ordinance No. 4, 1999 was passed by the City Council. This City was the **latest** of 21 cities in Indiana to have a local human rights commission.

The Commission was appointed in November 2000. In 2001, the Commissioners began the work of forming an organization to carry out the charges of the Ordinance. A Human Relations Commission Office was established at 506 Ohio Street, suite 2, Terre Haute.

The Commission employs an executive director as its only staff. Discrimination complaints, outreach information, diversity education, and program development have been handled solely by this staff director. Some of the complaint conciliation, as well as the education and research components, have been accomplished by the director working with community partners in collaborative efforts.

*Source: Terre Haute Human Relations Commission - 2008 Annual Report*

We acquired this information from the Human Relations Commission Executive Director, Jeffrey Lorick. The 2009 annual budget of the Commission is \$82,370.

**BENNETT AIMS TO IMPROVE MATH EDUCATION**

According to the 2009 National Assessment of Educational Progress, Indiana fourth and eighth graders outscored the national average in mathematics, but the results have shown little improvement from previous years. Indiana Superintendent of Public Instruction Dr. Tony Bennett says, "While I'm proud our students' NAEP performance exceeds the national average, average isn't good enough for our kids. Bold and rapid reform is the only way to tip the balance in favor of Hoosier children."

Inside INdiana Business article:

<http://www.insideindianabusiness.com/newsitem.asp?id=38189>

**My reaction**

Once again I must express an opinion on NCLB, ISTEP, and specifically, the requirement that algebra is required for graduation. Experience has taught me that the low-achieving students cannot pass this subject. I continue to believe we should determine the aptitude of children at the youngest possible age and develop these talents instead of wasting over \$100,000 on each and every one of them trying to teach them to jump a hurdle that is too high. Here is the 2009 item sampler for Algebra I: [http://www.doe.in.gov/eca/pdf/Sample\\_Items\\_Spring\\_2009\\_4-16.pdf](http://www.doe.in.gov/eca/pdf/Sample_Items_Spring_2009_4-16.pdf). See if you believe all of our students can do half of these problems.

Your feedback on this item is seriously sought and needed.

**TAXING SERVICES COULD YIELD INDIANA \$6.8 BILLION**

The non-partisan Indiana Fiscal Policy Institute released a new study exploring the ramifications of expanding the state's sales tax to include services. According to the IFPI study, Indiana could raise as much as another \$6.76 billion annually if it extended its sales tax to include all service transactions. Even if Indiana exempted medical and legal services, Indiana could raise almost \$4.5 billion from an expanded sales tax, according to IFPI.

Full article here:

<http://www.indianaeconomicdigest.net/main.asp?SectionID=31&SubSectionID=119&ArticleID=50396>

**FEDERAL AND STATE OPEN DOOR LAWS**

We are adding two items to this issue of *Tax Matters* and our web site. They are the [Handbook on Indiana's Public Access Laws](#) and the [Federal Freedom of Information Act](#). Please peruse these two documents and let me know if any of these rules should be questioned.

For example, on page 9 of the Handbook on Indiana's Public Access Laws, we find the following:

*When can I see a copy of the meeting agenda so I will know the order of proceedings?*

A governing body of a public agency is not required to use an agenda, but if it chooses to utilize one, the agency must post a copy of the agenda at the entrance to the location of the meeting prior to the meeting. In addition, the public agenda must describe each agenda item specifically during a meeting and may not refer solely to an agenda item by number. The ODL (Open Door Law) does not prohibit a public agency from changing or adding to its agenda during the meeting.

Here is another publication with a Q&A on the Freedom of Information Act:  
[http://epic.org/open\\_gov/rights.html](http://epic.org/open_gov/rights.html).

**WHAT YOUR TAX BILL TELLS YOU**

*By Larry DeBoer*

*Professor of Agricultural Economics – Purdue University*

I was excited to find my property tax bill in the mail last week. Actually, it said, "not a bill" in big letters across it--the real bill went to my bank. But it included all the information on the bill, and that's a lot of information.

At the top is the gross assessed value of my house, for 2007, 2008 and 2009. This is the assessor's prediction of what my house would bring if I sold it. Maybe a little high, but close. It went up 4 percent in 2008, then back down 2 percent in 2009, because of trending. The assessed value is adjusted each year based on the sales prices of houses in my neighborhood.

Next subtract deductions. My house is a homestead, because it's occupied by its owners (my wife and me), and it's our

primary residence. Homesteads get the \$45,000 homestead standard deduction and the supplemental standard deduction, which is 35 percent of what's left. The supplemental deduction is new, created by the 2008 tax reform. The taxable assessed value of my house is about half the gross assessed value, and it's 37 percent lower in 2009 because of that new deduction.

Then comes the local property tax rate, which is the sum of the rates of the county, township, city, school corporation, library district and special districts where my house is located. It's 25 percent lower in 2009. The rate went down so much because the state took over the school general fund, the county welfare funds and several smaller funds as part of the big tax reform. These

government functions are no longer paid for with property taxes but supported by the state budget. The sales tax increase to 7 percent back in April 2008 helps pay for the added state spending.

The tax rate times the taxable assessed value is the gross tax liability. Since both my assessed value and the tax rate are way down, my gross tax bill is down 53 percent. But don't start the party yet.

Credits must be subtracted. Big changes here. On my bill, state tax credits increased 60 percent in 2008 and then dropped 95 percent in 2009. The tax reform applied a temporary homestead credit in 2008 as a transition to the new system, which eliminated those tax levies. Most state credits disappeared in 2009. The money that the state used to fund these credits was switched to support the school general fund and county welfare payments.

My house isn't eligible for a tax cap credit. In 2009 the maximum tax I could owe under the tax caps is 1.5 percent of gross assessed value. That's way higher than what I actually owe. Homesteads get so much in deductions that very few need a credit to bring the tax bill down to the capped level.

After all these calculations, my house saw a tax cut of 29 percent in 2008 and another cut of 3 percent in 2009.

My house is pretty typical, according to research results by the General

Assembly's Legislative Services Agency. Homestead taxes fell by about a third statewide in 2008 and fell another 4 percent or so in 2009. And only 3 percent of all tax cap credits went to homeowners. You can see these results at <http://www.in.gov/legislative/publications>.

The research also shows that most homeowners saw substantial tax reductions in 2008, but the experience in 2009 was all over the map. For my house, the tax cuts from the new deduction and levy takeovers were almost offset by the loss of all those state credits. In counties where credits were high in 2008, their loss created tax increases for homeowners in 2009. In counties where 2008 credits were low, homeowners saw further tax cuts in 2009. Statewide, more than 90 percent of all homeowners saw lower property taxes in 2009 than in 2007. That's why the tax bills show all three years so homeowners can compare 2009 to 2007.

Of course, my property tax bill doesn't tell me how much more I'm paying in higher sales taxes. And it doesn't say how much more I'd be paying if my house was a rental, not a homestead (the answer: more than double). It tells me a lot about changes in state tax policy. But not everything.

Source: *Capital Comments*,  
<http://www.agriculture.purdue.edu/agcomm/newscolumns/archives/CC/2009/091022CC.html>



**SENSIBLE “HOMESTEAD” LEGAL DEFINITION NEEDED**

*by Watchdog Indiana*

**Please contact your State Senator and State Representative and ask them to change the Indiana Code to include a more sensible legal definition of "Homestead."**

Information on how to identify and contact your State Senator and State Representative can be found at [http://www.finplanneducation.net/general\\_assembly\\_ratings.htm](http://www.finplanneducation.net/general_assembly_ratings.htm).

The Indiana Code currently states that a "Homestead" consists of a dwelling and not more than one acre of real estate immediately surrounding that dwelling. The definition of "Dwelling" is limited to a house and garage.

**What this limited homestead definition means is that a County Assessor cannot legally recognize a backyard storage building, a gazebo, a swimming pool, and a swing set as part of someone's homestead.**

**The ramification of this situation is that the house and garage is included in the 1% homestead property tax cap while all other homestead improvements fall under the 3% cap.**

**The Indiana Code definition of "Homestead" should be changed to include all non-commercial real AND personal property improvements within not more than one acre of real estate immediately surrounding an individual's principal place of residence.**

To identify how this sensible change in the homestead definition would affect homeowners, consider the example of a homeowner who builds and furnishes a detached woodshop within the acre of land immediately surrounding his house. The homeowner uses the woodshop to build furniture for himself and his family. The woodshop is non-commercial because none of the furniture built by the homeowner is sold to anyone. For property tax purposes, the woodshop and its contents (including woodworking equipment) under the changed homestead definition would be sensibly included in the 1% homestead property tax cap. However, under the current Indiana Code homestead definition, the woodshop and its contents can be taxed up to 3% of assessed value.

**Our state legislators clearly need to change the Indiana Code to include a more sensible legal definition of "Homestead."**

*[Watchdog Indiana](#) is a non-profit, non-connected, and non-party advocate for good government that focuses on the state and local tax burden of Hoosier working families.*

**TAX QUESTIONS AND PROBLEMS**

For six straight *Tax Matters* editions, we created math problems that were all based on properties with \$175,000 assessed value in Terre Haute-Harrison Township and Honey Creek Township, using the three property types: homestead, residential rental/agricultural and commercial. For comparison, all the answers are compiled in a table:

**Estimated Net Annual Tax Bill for \$175,000 AV**

	Tax Cap	Harrison		Honey Creek	
		Net Tax Bill	Savings Due to Cap	Net Tax Bill	Savings Due to Cap
homestead	1.5%	\$2,625	\$114	\$1,429	\$0
six-unit apartment rental	2.5%	\$4,375	\$1,986	\$3,320	\$0
commercial	3.5%	\$6,125	\$236	\$3,320	\$0

Here we see that properties with \$175,000 AV's could in fact be adjacent with one another and have a low tax bill of \$1,429 and a high of \$6,125. Is this fair taxation?

**Estimated Net Annual Tax Bill for \$275,000 AV**

	Tax Cap	Harrison		Honey Creek	
		Net Tax Bill	Savings Due to Cap	Net Tax Bill	Savings Due to Cap
homestead	1.5%	\$4,125	\$798	\$2,570	\$0
six-unit apartment rental	2.5%	\$6,875	\$3,121	\$5,218	\$0
commercial	3.5%	\$9,625	\$371	\$5,218	\$0

If the properties had \$275,000 AV's, we see a low tax bill of \$2,570 and a high of \$9,625.

**Estimated Net Annual Tax Bill for \$375,000 AV**

	Tax Cap	Harrison		Honey Creek	
		Net Tax Bill	Savings Due to Cap	Net Tax Bill	Savings Due to Cap
homestead	1.5%	\$5,625	\$1,483	\$3,710	\$0
six-unit apartment rental	2.5%	\$9,375	\$4,256	\$7,115	\$0
commercial	3.5%	\$13,125	\$506	\$7,115	\$0

If the properties had \$375,000 AV's, we see a low tax bill of \$3,710 and a high of \$13,125.

For each of the above tables, we see the capped savings for rental properties and farmlands are 8.4 times greater than for commercial properties. Again, is this fair taxation?

**CAGIT & EDIT**

The Indiana Legislative Services Agency has now made available the amount of CAGIT and EDIT dollars to be re-distributed to Vigo County during calendar year 2010. This is local income taxes collected during the past 18 months and held by the state for return distribution beginning in January 2010. These amounts represent 0.75% and 0.50% of gross income of Vigo County employee CAGIT and EDIT taxes, respectively. Here is a chart comparing these taxes for calendar years 2008, 2009 and 2010.

	2008		2009		2010	
<b>CAGIT</b>	12,782,941		13,616,129		13,457,717	
<b>Gross Income</b>		1,704,392,133		1,815,483,867		1,794,362,267
<b>EDIT</b>	8,976,449		9,323,654		9,208,784	
<b>Gross Income</b>		1,795,289,800		1,864,730,800		1,841,756,800
<b>TOTAL</b>	\$21,759,390		\$22,939,783		\$22,666,501	
<b>GROSS INCOME</b>		\$3,499,681,933		\$3,680,214,667		\$3,636,119,067
<b>CHANGE GROSS INCOME (ANNUAL)</b>				5.1585%		-1.1982%
<b>CHANGE GROSS INCOME (2008-10)</b>						3.8986%

**Cover Photo: Indiana State University Student Recreation Center**

**Table of Contents of Tax Matters Issues 09-38 through 09-48**

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 December 17, 2009 and this table does the same. The next issue will continue from this point.

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