

TAX MATTERS

**OCTOBER 29, 2009, Issue #09-43, by Bernard Ridens, Executive Director
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- 1. RECOVERY ZONE BONDS**
- 2. PUBLIC MEETINGS**
- 3. TAX QUESTIONS AND PROBLEMS**
- 4. TAX QUOTE OF THE WEEK**

REVIEW OF PAST TAX MATTERS

OCTOBER 22, 2009 (#09-42)

- **WHAT IS NEXT FOR INDIANA MUNICIPALITIES?**
 - Article: <http://www.imaweb.com/TaxTalk.asp#Circuit>
- **THE MARKETS**
 - The good news is the Dow Jones Industrial Average rose above 10,000 last week. The bad news is it first rose above 10,000 more than 10 years ago - March 1999 to be specific.

OCTOBER 15, 2009 (#09-41)

- **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.
- **TAXING SERVICES COULD YIELD INDIANA \$6.8 BILLION**
 - According to the Indiana Fiscal Policy Institute study, Indiana could raise as much as another \$6.76 billion annually if it extended its sales tax to include all service transactions.

OCTOBER 8, 2009 (#09-40)

- **NATIONAL SURVEY ON THE IRS AND THE GRADUATED INCOME TAX**
 - I need your input on whether the nation should go to an alternative tax system or whether the nation should keep the current income tax system, as is
- **HUMAN RELATIONS COMMISSION**
 - An overview from the Terre Haute Human Relations Commission Annual Report

OCTOBER 1, 2009 (#09-39)

- **THIRTY-YEAR SALARY COMPARISON**
 - Salaries of local public officials in 1979 and 2009
- **CITY PARKS ON FACEBOOK**
 - The Terre Haute Parks Department has setup a Facebook account to promote the Park's general information to the public.

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. RECOVERY ZONE BONDS

Save Money For a Limited Time Only: Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds

Part 1

By Todd Samuelson, CPA, Partner

At the risk of sounding like a late-night TV commercial, let me introduce you to a limited-time offer that may have financial benefits for your area. Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds are two new financing tools created by the American Recovery and Reinvestment Act – commonly known as the federal stimulus program.



These two financing mechanisms do not provide money for projects, but they may allow you to finance projects at lower interest costs.

The U.S. Treasury allocated \$313 million in Recovery Zone Economic Development Bonds and \$469 million in Recovery Zone Facility Bonds for Indiana. They further made allocations to large cities (Indianapolis, Evansville, Fort Wayne and South Bend) and to each county based on impact from the economic down turn as measured by unemployment and foreclosure rates, among other factors. Eighty nine of Indiana's 92 counties qualify for these programs and received allocations for each type of financing from the U.S. Treasury.

Recovery Zone Economic Development Bonds are for public projects. These bonds are sold at taxable interest rates, but 45% of the interest will be paid by a subsidy from the U.S. Treasury, and 55% is paid by the local governmental unit issuing the bonds. In the current market, this is a lower effective rate than tax-exempt financing. They are similar to Build America Bonds, but the Build America Bond interest subsidy is only 35%.

Recovery Zone Facility Bonds are for private projects. They are similar to the Industrial Revenue Bonds (IRBs) in that they give private companies access to tax-exempt financing rates. The main difference from traditional IRBs is that the types of entities eligible for this type of financing is greatly expanded. The most likely use for Recovery Zone Facility Bonds is to finance building or renovating private facilities that will create new jobs. The local governmental entity is the issuer of the bonds, but the private company provides the security on the bonds.

In our next newsletter, we will go into more depth as to how or when these new financing tools should be considered. In the meantime, if you need information on what allocations your County received or; if you have questions about the use Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds, please contact us at footnotes@umbaugh.com.

Source: Umbaugh Footnotes, October 28, 2009

2. 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. Nov. 2	4:30 pm	Animal Control Board	City Hall – 1 st Floor	
Mon. Nov. 2	6:30 pm	<u>Local Emergency Planning Committee</u>	Vigo County Public Library	Jon 232-5411
Mon. Nov. 2	6:30 pm	Riley Town Board	Riley Town Hall	Wanda 894-2410
Tue. Nov. 3	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 3	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Nov. 3	4:30 pm	Honey Creek Conservancy District	3241 S. 3 rd Place	Craig 232-4311
Wed. Nov. 4	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy 462-3367
Wed. Nov. 4	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. Nov. 5	7:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Nov. 9	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Nov. 9	6:00 pm	West Terre Haute Town Board	500 W. Nat'l, WTH	Melody 533-2034
Mon. Nov. 9	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Nov. 10	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 10	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. Nov. 10	4:30 pm	<u>City Park Board – General Meeting</u>	Deming Park	Eddie 232-2727
Tue. Nov. 10	7:00 pm	Seelyville Town Board	Seelyville Water Office	Tamara 877-2665
Thur. Nov. 12	7:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Nov. 16	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Nov. 16	7:00 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Nov. 17	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Nov. 17	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Nov. 17	12:00 noon	<u>Taxpayers Association Board Meeting</u>	Terre Haute Bowling Center, 600 E. Springfield Dr.	Bernard 235-1361
Wed. Nov. 18	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Nov. 18	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. Nov. 18	4:00 pm	<u>Air Pollution Control Department</u>	103 S. 3 rd St.	George 462-3433
Thur. Nov. 19	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028

3. TAX QUESTIONS AND PROBLEMS

Here is a tax-related question for you to answer and compete for most questions answered correctly during a three-month period. The purpose of this topic is to encourage readership of *Tax Matters* and improve taxation and government education in our community. Send your answers anytime to the following email address: taxtopics@aol.com or reply to this issue. We will tally the correct answers and the correct answer will be given next week.

No correct answers were submitted to last week's problem. The correct answer was \$2,739. Since there is a 1.5% cap, the tax due and payable would actually be \$2,625 (1.5% of the gross assessed value \$175,000).

Here is this week's problem:

Given: A property in Honey Creek Township
2008 Assessed Value: \$175,000
Mortgage Exemption: \$3,000
Homestead Mortgage: 45,000
Honey Creek Township Rate: 1.8973%
Homestead Credit: 7.5406%
Homestead Supplemental Credit: 35%
0.5 acre lot
1.5% cap

Find the annual tax due and payable 2009.

4. TAX QUOTE OF THE WEEK

"Taxes grow without rain."

- Jewish proverb

"Rainy day funds cannot grow without taxes."

- Susan Clements

END

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