

TAX MATTERS

**JANUARY 12, 2012, Issue #12-01, by Bernard Ridens, Executive Director
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- 1. TAX RELATED ERRORS MADE BY THE STATE of INDIANA**
- 2. JANUARY CRACKERBARREL**
- 3. NANTWORKS LLC**
- 4. 2012 TAX LEGISLATION PREVIEW**
- 5. SENATE BILL 0222 – WHAT ARE YOUR THOUGHTS ON THIS?**
- 6. 2012 ANNUAL MEETING SPONSORS NEEDED**
- 7. HAVE YOU TAKEN A LOOK AT OUR WEB SITE?**
- 8. PUBLIC MEETINGS**

REVIEW OF PAST TAX MATTERS

DECEMBER 1, 2011 (#11-08)

- **2011 ANNUAL REPORT**
 - As of this date all members should have received a paper color version of the 2011 Annual Report. If you didn't receive said report please let us know.
- **2012 ANNUAL MEETING – SPONSORS NEEDED**
 - The 2012 Annual Meeting will be held on April 19th, 2012, at 12:00 noon. It will be held at the Idle Creek Banquet Center. Our Guest speaker will be Dr. Dottie King, President, Saint Mary-of-the-Woods College.
- **STATE PARTNERSHIP ADVANCES TRANSPARENCY FOR HOOSIERS**
 - IDLGF Press Release

OCTOBER 18, 2011 (#11-07)

- **2011 TAXPAYERS ANNUAL REPORT IS AVAILABLE**
 - The 2011 Annual Report has been completed and made available on our web site, www.taxtopics.org
- **GETTING A BETTER VIEW OF HOW OUR TAX DOLLARS ARE USED**
 - If there is sufficient interest, the Taxpayers Association will arrange for members to visit (field trip) units of government where tax dollars and/or user fees are expended
- **TAKING ADVANTAGE of YOUR LIBRARY TAX --- KINDLES & NOOKS**
 - The Library board heard a report by Bonnie McNair, Information Services and Technology Services (ISTS) Manager, at their regular meeting held Monday, October 17, 2011 about the use of the Kindle 3s and the Nook.

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. TAX RELATED ERRORS MADE BY THE STATE of INDIANA

At this time, I have an important question.

Please understand that your response will be kept confidential and anonymous.

Have you had any problems with the State of Indiana concerning state taxes, (business and or personal) during the past 10 years whereby the state was in error? Or, have you had problems with local property assessments and appeals?

The reason for this request is related to the \$320 million recently found by state officials. We are aware of many serious errors that have been made by the state whereby interest and penalties have been charged to corporations and individuals incorrectly.

The Taxpayers Association was the victim of a mistake with worrisome letters being mailed by the state on March 11, 2010 and apologies sent on March 15 2010. We have now heard that this happened to many taxpayers. We are also aware of many other types of errors and plan to ask legislators to address this issue at the Cracker Barrel on Saturday.

One has to wonder if anything is correct. Remember the four million EDIT dollars that Vigo County was shorted a few years back? Please respond to this ASAP.

2. JANUARY CRACKERBARREL

The first cracker-barrel of 2012 will be held this coming Saturday, January 14 from 10 am until noon at the Vigo County Public Library. All of the state senators and representatives who represent Vigo County have been invited to participate. This is a great opportunity if you have a question or questions you'd like to ask.

WHAT IS A CRACKER BARREL?

According to dictionaries, "**cracker barrel**" (noun) refers to barrels of soda crackers that used to be found in country stores

"**cracker-barrel**" (with a hyphen) is an *adjective* used to describe "the simple rustic informality and directness thought to be characteristic of life in and around a country store: *homespun, cracker-barrel philosophy.*"

A second definition of "cracker-barrel" (adj.): "Resembling or characteristic of the extended informal discussions carried on by persons habitually assembled at a country store"

A search for “**Cracker Barrel Session**” (spelled primarily with two separate words) came up with the following:

The name originates from the days of the general store, when the cracker barrel would often serve as the table for a checkerboard. The conversations that would take place among those who came to play and those watching the games would cover local news, gossip, and any other topics of interest. When used to describe an educational session, it implies an open discussion and sharing of ideas, often around a particular subject.

<http://www.asaecenter.org/wiki/?Page=cracker%20barrel%20session>)

3. NANTWORKS LLC

Source: Terre Haute Economic Development Corp.

As most of you know, at this morning's THEDC board meeting, we shared information on NantWorks, LLC's plans to acquire the former Pfizer Exubera facility, 606 lab building and adjoining acreage (approximately 211 acres total) for conversion of the site to a center of excellence for pharmaceutical manufacturing of various finished dosage forms. Attached is additional detail from the company's proposal that we thought you might find of interest. Additional information about Dr. Patrick Soon-Shiong can, of course, be found on the Internet and at the NantWorks website, which is www.nantworks.com. Also, a profile of Dr. Soon-Shiong at <http://www.forbes.com/profile/patrick-soon-shiong/> is worth a look as well.

Thank you.

[Click here to download the company's proposal in pdf format.](#)

4. 2012 TAX LEGISLATION PREVIEW

The following article was authored by Mark Cahoon, Vice President of Government Finance & Economic Development for the Indiana Manufacturers Association. Mark may be reached at mcahoon@imaweb.com, 800.462.7762, ext. 232 or 317.713.5920.

As you know, an attempt will be made to enact Right-to-Work legislation in Indiana in 2012. Issues as controversial as RTW tend to dominate the debate of a legislative session, and in fact, have the power to set the tone for what else may or may not be accomplished.

This is not to say that the normal number of bills will not be filed and that committees with no jurisdiction over labor law will not go through their normal paces. However, policy changes as large and as pro-business as RTW tend to place other pro-business proposals in a secondary role. An unspoken rule of legislative action is that no one group gets too much in any one legislative session. With a corporate tax rate reduction being enacted last year, a still tight budget situation and RTW hopefully being enacted this year, from a tax perspective, it is wise to enter 2012 with modest expectations.

If any significant tax bill has a solid chance of progress this year it is modification and/or elimination of the Indiana Inheritance Tax. Even though IMA supports

elimination of the Inheritance Tax because of its effect on the succession plans of non-corporate business entities, inheritance tax reduction/elimination is not viewed from an exclusively pro-business perspective. The Inheritance Tax is viewed (and rightly so) as a tax objectionable to all citizens.

Indiana is one of only eight states that have an inheritance tax. Indiana also has an estate tax, although it is currently inactive pending federal action. Estate taxes are the more common "death tax" employed by most states and the federal government. The primary difference between an inheritance tax and an estate tax is that inheritance taxes tend to have lower tax rates but very broad tax bases, while estate taxes tend to apply very high tax rates to a limited number of people. Specifically, the Indiana Inheritance Tax has a 100 percent surviving spouse exemption and a \$100,000 exemption for the children of the deceased. Other than that, it is a tax that pretty much starts at the first dollar for any other beneficiaries. In addition, it is an administrative nightmare of a tax. Returns are filed in county court with county governments taking eight percent of the imposed taxes off the top to reimburse themselves for their role in tax administration.

Currently, the Indiana Inheritance Tax raises about \$140 million per year. While previously that price tag would have made any discussion of tax reduction or elimination impossible, times are beginning to change. The Indiana Fiscal Year 2012 is projected to end with a state surplus of \$1.2 billion. For FY 2013 state reserves grow to \$1.4 billion. The state, in fact, has language on the books to create automatic taxpayer refunds if the state surplus grows to more than 10 percent of general revenue appropriations. Work is now being done to figure out how to distribute those refunds should the "excess reserve" trigger be met. Some would suggest that an Inheritance Tax phase-out is better than an administratively questionable automatic tax refund. Also, correction of the corporate tax receipts deposit issue that was in the news a couple of weeks ago adds about \$100 million to the state's annual revenue stream, so Inheritance Tax modifications are possible in 2012.

Another tax issue that will receive some attention in 2012 will be expanding the sales tax base by requiring internet retailers to collect and remit Indiana sales taxes if those retailers have distribution facilities in Indiana or if they have affiliates that have a physical presence in Indiana. This legislation would primarily require Amazon.com and Overstock.com to collect and remit Indiana sales taxes on sales that emanate from Indiana. Should the legislation pass and withstand a possible legal challenge, this too will add additional state tax revenue. Moreover, it will address an issue of competitive imbalance being voiced by the so-called "brick and mortar" retailers.

Finally, the business sector will be seeking some movement on reducing personal property tax burdens. The selling point of suggestions to reduce taxes applicable to industrial machinery and equipment is to encourage investment, and therefore, economic development. That is also the selling point for Right-to-Work, so efforts this session will likely fall more into the category of setting the stage for future personal property tax reductions.

That's pretty much the list for the "short session" of 2012. However, in a legislative process, you never know what will happen and what opportunities may develop.

5. SENATE BILL 0222 – WHAT ARE YOUR THOUGHTS ON THIS?

DIGEST OF INTRODUCED BILL

Annexation. Provides that in determining a municipality's levy limits for a particular ensuing calendar year, the cap on increased assessed value applies to all annexations of a municipality occurring in the particular ensuing calendar year. Provides that after June 30, 2012, an annexation may be defeated without showing at the hearing that: (1) at least 65% of the owners of land in the annexation territory continue to oppose the annexation; or (2) the owners of more than 75% in assessed valuation of the land in the annexation territory continue to oppose the annexation. Provides that after June 30, 2012, in an annexation in which 80% of the boundary of the annexation territory is contiguous to the municipality and the territory consists of not more than 100 parcels, an annexation may be defeated without showing at the hearing that at least 75% of the owners of land in the annexation territory continue to oppose the annexation.

To track this bill –

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2012&session=1&request=getBill&docno=0222>

6. 2012 ANNUAL MEETING SPONSORS NEEDED

The 2012 Annual Meeting will be held on Thursday, April 19th, 2012, at 12:00 noon. It will be held at the Idle Creek Banquet Center. Our guest speaker will be Dr. Dottie King, President of Saint Mary-of-the-Woods College. You are invited to be a sponsor of this event. Sponsor names and or logos will be published and shown on the program for the event. Your sponsorship will help to defray meal costs for all attending and special guests. We plan to have at least 70 persons attend this event.

7. HAVE YOU TAKEN A LOOK AT OUR WEB SITE?

Just a reminder that if you want to read old Taxpayers Association publications or tax-related information, go to our www.taxtopics.org web site.

8. 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.

<i>Date</i>	<i>Time</i>	<i>Public Meeting</i>	<i>Location</i>	<i>Contact Info</i>
Thur. Jan. 12	6:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Sat. Jan. 14	10:00 am	LEGISLATIVE CRACKERBARREL	Vigo County Public Library	Nancy 232-1113
Tue. Jan. 17	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Jan. 17	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Jan. 17	12:00 pm	<u>Taxpayers Association Board Meeting</u>	ISU Foundation (30 N. 5 th St.)	Bernard 235-1361
Tue. Jan. 17	5:30 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Wed. Jan. 18	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Jan. 18	4:00 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Wed. Jan. 18	4:30 pm	<u>City Park Board</u>	Deming Park	Eddie 232-2727
Wed. Jan. 18	5:00 pm	<u>Vigo County Board of Health</u>	County Annex	Louise 462-3428
Thur. Jan. 19	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Jan. 23	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Jan. 23	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Jan. 23	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Mon. Jan. 23	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Jan. 24	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. Jan. 25	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. Jan. 25	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Tue. Jan. 31	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Wed. Feb. 1	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 st Floor Conf. Room	Judy 462-3367
Wed. Feb. 1	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. Feb. 2	6:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Feb. 6	4:00 pm	<u>Vigo County Drainage Board</u>	County Annex	David 898-2685
Mon. Feb. 6	6:30 pm	Riley Town Board	Riley Town Hall	Wanda 894-2410
Mon. Feb. 6	6:30 pm	<u>Local Emergency Planning Committee</u>	Idle Creek Banquet Center	Jon 232-5411
Tue. Feb. 7	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Feb. 7	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Tue. Feb. 7	4:30 pm	Honey Creek Conservancy District	3241 S. 3 rd Place	Craig 232-4311
Wed. Feb. 8	10:00 am	<u>County Board of Zoning Appeals</u>	County Annex	Judy 462-3367
Wed. Feb. 8	2:00 pm	<u>E-911 Advisory Board</u>	County Jail – Sheriff's Training Room	Greg 462-3226 ext. 320
Wed. Feb. 8	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524

Date	Time	Public Meeting	Location	Contact Info
Thur. Feb. 9	6:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Feb. 13	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Feb. 13	5:30 pm	<u>Human Relations Commission</u>	Booker T. Washington Center	Jeff 232-0110
Mon. Feb. 13	6:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Mon. Feb. 13	6:00 pm	West Terre Haute Town Board	500 W. Nat'l, WTH	Melody 533-2034
Tue. Feb. 14	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Feb. 14	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. Feb. 14	7:00 pm	Seelyville Town Board	Seelyville Water Office	Tamara 877-2665
Wed. Feb. 15	9:30 am	Clay-Owen-Vigo Solid Waste District	109 E. Nat'l, Brazil IN	Janet 800-387-3380
Wed. Feb. 15	4:00 pm	<u>City Redevelopment Commission</u>	City Hall – 1 st Floor	Phenny 232-0018
Wed. Feb. 15	4:30 pm	<u>City Park Board</u>	Deming Park	Eddie 232-2727
Wed. Feb. 15	5:00 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Thur. Feb. 16	2:00 pm	Tree Advisory Board	City Hall Mayor's Conf. Room	Jennifer 232-4028
Mon. Feb. 20	5:30 pm	<u>Vigo County Public Library</u>	Vigo County Public Library	Nancy 232-1113
Tue. Feb. 21	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Feb. 21	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 rd Floor	Sally 235-5458
Wed. Feb. 22	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 st Floor	Brad 244-2316
Wed. Feb. 22	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Mon. Feb. 27	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – Board of Public Works Room	Robin 232-4767
Mon. Feb. 27	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Mon. Feb. 27	5:30 pm	Terre Haute Housing Authority	2001 N. 19 th Street	Jeff 232-1381
Mon. Feb. 27	7:00 pm	<u>Vigo County School Board</u>	VCSC Board Room	Judy 462-4216
Tue. Feb. 28	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367

END

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