

# 2009 POSEY COUNTY PROPERTY TAX REPORT

## WITH COMPARISONS TO 2007 AND 2008

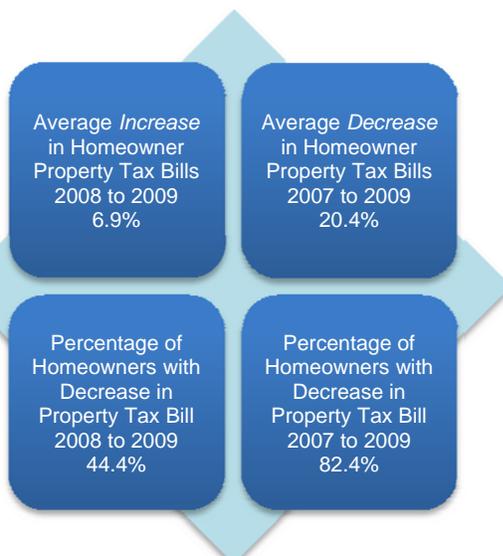


Legislative Services Agency

November 2009 (Updated)

In March 2008, the Indiana General Assembly enacted the most substantial property tax reforms in 35 years. Many of these reforms took effect for the first time in 2009. Property taxes for the school general fund, county welfare funds, and several smaller funds were eliminated and their costs taken over by the state. State property tax replacement credits and most state homestead credits were eliminated, with the money used to fund added state school and welfare costs. Homeowners received a new 35% deduction from their homestead assessments. Property tax caps limited tax bills to a fixed percentage of property assessments. These caps were 1.5% for homesteads, 2.5% for other housing and farmland, and 3.5% for all other property. Taxpayers with tax bills higher than these caps received added tax credits. Local governments did not collect the property tax amounts above the caps.

### Details of Changes to Homeowner Property Tax Bills Posey County



Change in Tax Bill	Change from 2008 to 2009		Change from 2007 to 2009	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
20% or More	1,258	16.7%	318	4.2%
10% to 19%	1,162	15.4%	333	4.4%
1% to 9%	1,715	22.7%	594	7.9%
0%	61	0.8%	81	1.1%
-1% to -9%	1,553	20.6%	940	12.5%
-10% to -19%	727	9.6%	1,046	13.9%
-20% to -29%	461	6.1%	1,121	14.9%
-30% to -39%	172	2.3%	1,666	22.1%
-40% to -49%	83	1.1%	729	9.7%
-50% to -59%	67	0.9%	302	4.0%
-60% to -69%	54	0.7%	120	1.6%
-70% to -79%	37	0.5%	83	1.1%
-80% to -89%	28	0.4%	49	0.6%
-90% to -99%	16	0.2%	25	0.3%
-100%	148	2.0%	135	1.8%
<b>Total</b>	<b>7,542</b>	<b>100.0%</b>	<b>7,542</b>	<b>100.0%</b>
Higher Tax Bill	4,135	54.8%	1,245	16.5%
No Change	61	0.8%	81	1.1%
Lower Tax Bill	3,346	44.4%	6,216	82.4%
Average Change in Tax Bill	6.9%		-20.4%	

Note: Percentages may not total due to rounding.

*Policy Changes with Offsetting Effects on Tax Bills.* The interaction of multiple policy changes, plus local changes in levies and assessments, determine how tax bills change in each county. Eliminating the school general fund and county welfare levies reduced levies by 30.6% statewide. The new 35% supplemental homestead deduction reduced tax bills for homeowners, but also reduced taxable assessed value in each jurisdiction. Taxable assessed value fell 14.3% in Indiana as a whole. As a result of the lower assessed value, tax rates were not reduced by the full amount of the levy reductions. The elimination of the property tax replacement and homestead credits partially offset the drop in tax rates. The average property tax replacement credit statewide was 20.1% in 2008. Total state homestead credits averaged 39.5% statewide in 2008, and this rate fell to 7.2% in 2009. The circuit breaker tax caps reduced tax bills in places with high tax rates. Counties that adopted new local option income taxes delivered additional property tax relief. (Statewide averages are now based on 85 counties reporting.)

Factors Affecting Homeowner Tax Bills	Posey County	State Average
Net Assessed Value, 2008 to 2009 (% change)	-8.9%	-14.3%
Gross Tax Levy, 2008 to 2009 (% change)	-37.1%	-30.6%
State PTRC Percentage, 2008	27.1%	20.1%
Total State Homestead Credit, 2008	40.4%	39.5%
Total State Homestead Credit, 2009	6.3%	7.2%
Did County Adopt a LOIT in 2008 or 2009?	No	

Note: State Average based on data for 85 counties available November 2009

*Effects on County Tax Bills.* Statewide, average homeowner tax bills fell by about 1% from 2008 to 2009. Homeowner tax bills in Posey County increased by 6.9%. The school general fund and county welfare levies were a larger share of Posey County's levy in 2008, so their elimination would have reduced Posey County tax rates by more than the state average. But Posey County taxpayers saw high state property tax replacement credit rates in 2008. The loss of this tax relief more than offset the effects of the new 35% supplemental homestead

## 2009 Property Tax Changes:

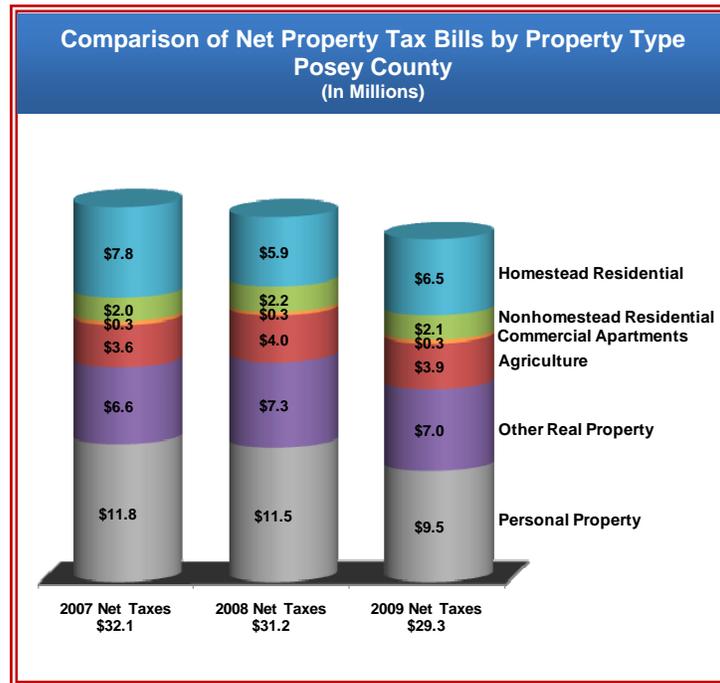
The state took over funding of school general funds, county welfare funds, and several smaller funds – Units where these funds were a large portion of the overall property tax received the greatest benefit.

State Property Tax Replacement Credits were eliminated, and State Homestead Credits were much reduced – Credits didn't apply to debt service levies, so they were lower in units with more debt service; such units lost less from the elimination of the credits, and so received relatively more net benefit from the new tax relief programs.

Counties could adopt new LOIT for property tax relief in 2008 and 2009 - Homeowners in 41 counties that adopted a LOIT saw larger property tax cuts or smaller tax increases; other taxpayers benefitted if counties distributed tax credits to nonhomestead property.

Circuit Breaker Tax Caps were enacted at 1.5% of gross assessed value for homes, 2.5% for rental housing and farmland, and 3.5% for other property- Rental housing and commercial/industrial property received the most tax cap credits; cities and towns and jurisdictions that overlap them lost the most revenue to the caps.

deduction and the lower tax rates. Posey County did not adopt a local option income tax for property tax relief for 2009, and few Posey County homeowners were eligible for the circuit breaker tax cap credits. Homeowner taxes were substantially lower in 2009 compared to 2007 in Posey County, as they were in almost all Indiana counties.



largely business equipment, saw a 17.3% decrease in average tax bills.

**Circuit Breaker Tax Caps.** Property tax caps limit taxpayers' tax bills to a fixed percentage of their property's assessed value before deductions. Tax bills that exceed the caps are reduced by a tax credit. The cap rates were 1.5% for homesteads, 2.5% for other residential property and farmland, and 3.5% for other property. In 2010 and after, the cap rates will be 1%, 2%, and 3%, respectively.

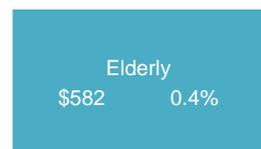
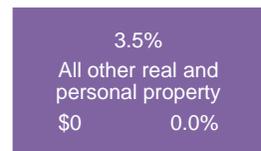
**Local Revenue Losses.** Local governments do not collect the amount of these tax cap credits, and the revenue is not replaced. More taxpayers are likely to be eligible for circuit breaker tax cap credits in jurisdictions with higher tax rates. Tax districts in cities and towns tend to have higher tax rates because the municipal tax rate is added to tax bills. Cities and towns and jurisdictions that share taxpayers with cities and towns tend to lose the most revenue to tax cap credits.

**Tax Bill Reductions.** Generally, as a result of tax relief from homestead deductions most homeowners did not have tax bills high enough to qualify for tax cap credits. Rental housing has a lower tax cap than other businesses, and much of it is located in cities and towns, so many rental housing owners receive credits. Most farmland is outside cities and towns in jurisdictions with low tax rates. Few farmland owners receive credits. Commercial and industrial property tends to receive credits where tax rates are relatively high.

In Posey County from 2008 to 2009, nonhomestead residential properties (small rentals and second homes) saw a 3.9% decline in average property tax bills. Although representing a very small share of the total levy, average tax bills on commercial apartments decreased by 25.8%. Agricultural business real property (which includes farmland and farm buildings, but not homesteads) saw a 2.9% average tax decrease. Other commercial, industrial, and utility real property average tax bills decreased 4.2%. Personal property, which is

### Total Circuit Breaker Tax Cap Credit Amount for Posey County \$139.967

Percentage share of circuit breaker tax cap credits by cap category...



**Posey County Levy Comparison by Taxing Unit**

Unit	2007 Levy	2008 Levy	2009 Levy	2007-2008 Levy Change	2008-2009 Levy Change	2008 - 2009 Comparable Levy Change
<b>County Total</b>	<b>\$45,158,723</b>	<b>\$46,568,429</b>	<b>\$29,321,878</b>	<b>3.1%</b>	<b>-37.0%</b>	<b>4.4%</b>
State Unit	41,910	47,691	0	13.8%	-100.0%	
Posey County	8,640,550	9,301,814	8,648,995	7.7%	-7.0%	4.1%
Bethel Township	13,797	14,301	14,867	3.7%	4.0%	4.0%
Black Township	779,071	794,313	791,787	2.0%	-0.3%	-0.3%
Center Township	15,329	15,911	16,525	3.8%	3.9%	3.9%
Harmony Township	41,501	46,247	47,539	11.4%	2.8%	2.8%
Lynn Township	50,913	53,595	55,704	5.3%	3.9%	3.9%
Marrs Township	243,191	254,693	264,709	4.7%	3.9%	3.9%
Point Township	16,991	17,601	18,282	3.6%	3.9%	3.9%
Robb Township	49,742	51,523	53,590	3.6%	4.0%	4.0%
Robinson Township	136,709	141,849	140,369	3.8%	-1.0%	-1.0%
Smith Township	40,645	41,776	42,724	2.8%	2.3%	2.3%
Mount Vernon Civil City	2,884,839	2,988,369	2,941,685	3.6%	-1.6%	1.8%
Cynthiana Civil Town	61,845	64,411	62,040	4.1%	-3.7%	-3.7%
Griffin Civil Town	10,342	11,187	10,831	8.2%	-3.2%	-3.2%
New Harmony Civil Town	131,747	136,498	140,554	3.6%	3.0%	3.0%
Poseyville Civil Town	251,914	261,464	231,893	3.8%	-11.3%	-11.3%
M.S.D. Mount Vernon School Corporation	22,701,165	22,814,672	9,850,349	0.5%	-56.8%	3.5%
M.S.D. North Posey County School Corporation	5,734,617	6,169,436	3,573,150	7.6%	-42.1%	17.5%
New Harmony Town And Township School Corp.	1,359,192	1,349,939	347,995	-0.7%	-74.2%	-20.0%
New Harmony Workingmens Institute	57,415	53,589	57,594	-6.7%	7.5%	7.5%
Poseyville Carnegie Library	100,028	103,608	107,640	3.6%	3.9%	3.9%
Alexandrian Free Public Library	1,251,178	1,268,296	1,318,390	1.4%	3.9%	3.9%
Griffin-Bethel Township Fire Protection	51,084	53,226	55,343	4.2%	4.0%	4.0%
Wadesville-Center Township Fire	44,216	41,467	45,400	-6.2%	9.5%	9.5%
Posey County Solid Waste Management Dist.	448,792	470,953	483,923	4.9%	2.8%	2.8%

Note: 2008 – 2009 Comparable Levy Change reflects the percentage change in the remaining levies after levy reductions for state assumption of pre-1977 police and fire pension fund payments and elimination of these funds: state fair, state forestry, school general, preschool special education, family and children, children’s psychiatric residential treatment, medical assistance to wards, children with special health care needs, and hospital care for the indigent.

## Posey County Assessed Values, Levies, Tax Rates, and Credit Rates by Taxing District

Taxing District	Net Assessed Value (In Millions \$)			Gross Levy (\$)			Tax Rate (%)		State PTRC	State Homestead, Total		Total Local Income Tax Credits, Homesteads	
	2008	2009	% Change	2008	2009	% Change	2008	2009	Rate-Real	2008	2009	2008	2009
Center Township	71.8	59.0	-17.9%	1,552,001	995,460	-35.9%	2.1604	1.6880	26.00%	38.45%	6.34%	4.68%	3.95%
Harmony Township	46.6	43.1	-7.5%	1,054,370	470,699	-55.4%	2.2628	1.0925	33.07%	39.90%	6.34%	5.00%	4.29%
New Harmony Town	35.3	29.5	-16.6%	969,128	501,321	-48.3%	2.7435	1.7013	30.07%	42.57%	6.34%	5.60%	5.64%
Lynn Township	56.5	51.5	-8.9%	1,232,414	724,418	-41.2%	2.1814	1.4070	28.82%	39.17%	6.34%	4.84%	4.16%
Point Township	29.7	30.8	3.5%	637,915	417,805	-34.5%	2.1450	1.3573	29.26%	39.54%	6.34%	4.92%	4.21%
Robb Township	54.1	51.2	-5.4%	1,168,297	855,494	-26.8%	2.1603	1.6720	25.86%	38.04%	6.34%	4.59%	3.81%
Poseyville Town	35.8	29.6	-17.4%	1,019,350	712,883	-30.1%	2.8483	2.4121	22.49%	39.29%	6.34%	4.86%	4.79%
Smith Township	40.8	37.7	-7.6%	886,271	635,493	-28.3%	2.1739	1.6870	25.77%	38.09%	6.34%	4.59%	3.84%
Cynthiana Town	11.0	9.0	-18.3%	298,574	208,939	-30.0%	2.7111	2.3222	23.71%	40.95%	6.34%	5.24%	4.86%
Robinson Township	175.0	144.5	-17.4%	3,835,703	2,477,386	-35.4%	2.1920	1.7139	25.47%	37.61%	6.34%	4.49%	3.73%
Black Township	879.1	840.4	-4.4%	19,397,217	12,058,537	-37.8%	2.2064	1.4349	28.53%	38.93%	6.34%	4.78%	4.13%
Mount Vernon City	209.3	174.0	-16.9%	7,113,668	4,833,966	-32.0%	3.3994	2.7786	24.30%	44.73%	6.34%	6.09%	6.06%
Marrs Township	358.5	318.9	-11.1%	7,732,576	4,405,338	-43.0%	2.1571	1.3816	29.17%	39.57%	6.34%	4.93%	4.26%
Bethel Township	18.8	23.0	22.3%	454,617	431,832	-5.0%	2.4165	1.8773	24.96%	40.20%	6.34%	5.07%	4.36%
Griffin Town	1.7	1.2	-28.6%	52,099	33,603	-35.5%	3.0945	2.7973	23.05%	43.32%	6.34%	5.77%	5.55%
Mt Vernon Econ Dev 1	2.9	4.2	43.4%	80,392	86,736	7.9%	2.7494	2.0685	24.30%	44.73%	6.34%	6.09%	6.06%
<b>County Totals/Averages</b>	<b>2,026.9</b>	<b>1,847.3</b>	<b>-8.9%</b>	<b>47,484,593</b>	<b>29,849,911</b>	<b>-37.1%</b>	<b>2.3435</b>	<b>1.6178</b>	<b>27.14%</b>	<b>40.36%</b>	<b>6.34%</b>	<b>5.10%</b>	<b>4.63%</b>

Notes: A *taxing district* is a geographic area of a county where taxing units overlap, so the sum of the taxing unit tax rates is the total district rate.

The *Net Assessed Value* is the total taxable assessed value of all property types, after deductions. It declined in 2009 because of the introduction of the new 35% supplemental deduction for homesteads.

The *Gross Levy* is the amount of property tax to be collected, before credits. It declined in 2009 because of the elimination of the levies for school general funds, county welfare funds, and several smaller funds.

The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value. Rates fell because the drop in the levies due to levy elimination was greater than the reduction in assessed value due to the new deduction.

*State PTRC Rate - Real* is the state property tax replacement credit for real property in 2008. This credit was eliminated in 2009.

The *State Homestead, Total* is the sum of the regular state homestead credit rate, which was eliminated in 2009, and the HEA1001-2008 special rate, which was reduced in 2009.

The *Total Local Income Tax Credits - Homesteads* is the sum of the COIT and CEDIT homestead credit rates and the LOIT credit rates for homesteads, residential property, and all property. These are credits funded by local income taxes, including the COIT, the CEDIT, and the CAGIT for property tax relief.

**Posey County 2009 Circuit Breaker Cap Credits**

Taxing Unit	Total Levy	Circuit Breaker Credits by Property Type				
		(1.5%) Homesteads	(2.5%) Other Residential/ Farmland	(3.5%) All Other Real/Personal	Elderly	Total
Posey County	8,648,995	4,753	19,312	0	111	24,176
Bethel Township	14,867	0	21	0	0	21
Black Township	791,787	136	645	0	2	783
Center Township	16,525	1	0	0	0	1
Harmony Township	47,539	0	0	0	0	0
Lynn Township	55,704	0	0	0	0	0
Marrs Township	264,709	0	0	0	0	0
Point Township	18,282	0	0	0	0	0
Robb Township	53,590	33	0	0	0	33
Robinson Township	140,369	22	0	0	2	24
Smith Township	42,724	2	0	0	2	4
Mount Vernon Civil City	2,941,685	12,413	58,820	0	205	71,438
Cynthiana Civil Town	62,040	0	0	0	39	39
Griffin Civil Town	10,831	0	311	0	0	311
New Harmony Civil Town	140,554	0	0	0	6	6
Poseyville Civil Town	231,893	965	0	0	0	965
M.S.D. Mount Vernon School Corporation	9,850,349	5,989	28,382	0	99	34,471
M.S.D. North Posey County School Corporation	3,573,150	1,528	346	0	83	1,958
New Harmony Town And Township School Corp.	347,995	0	0	0	6	6
New Harmony Workingmens Institute	57,594	0	0	0	3	3
Poseyville Carnegie Library	107,640	66	18	0	3	87
Alexandrian Free Public Library	1,318,390	747	3,446	0	13	4,206
Griffin-Bethel Township Fire Protection	55,343	0	79	0	0	79
Wadesville-Center Township Fire	45,400	3	0	0	1	4
Posey County Solid Waste	0	0	0	0	0	0
Posey County Solid Waste Management District	483,923	266	1,080	0	6	1,352
<b>Total - All Taxing Units</b>	<b>29,321,878</b>	<b>26,924</b>	<b>112,460</b>	<b>0</b>	<b>582</b>	<b>139,967</b>

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local government units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. It is included to allow comparison to the circuit breaker revenue losses.

**Circuit Breaker Credits:**

*Homesteads* are owner-occupied primary residences and include homestead land and buildings in the 1.5% tax cap category. Owner-occupied mobile homes and agricultural homesteads are included in this category. This category only includes credits on the portion of the property that qualifies as a homestead.

*Other Residential/Farmland* includes small rental housing units, larger commercial apartments, long-term care facilities, and farmland, in the 2.5% tax cap category.

*All Other Real/Personal* is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3.5% tax cap category. This category also includes credits on the portion of homeowner properties that do not qualify as a homestead.

*Elderly* includes credits for the 2% annual limit on homestead tax bill increases for low-income homeowners, age 65 and over.

Numbers may not total due to rounding.