

2010 Property Tax Report

Shelby County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Shelby County between 2009 and 2010, with comparison to changes between 2007 and 2010. The report also shows the overall changes to property tax levies and property assessments since the recent property tax reforms have been implemented. Explanatory information is provided to highlight changes that are unique to Shelby County and those that have occurred throughout the state. Statewide averages are based on data from all counties except Lake and LaPorte.

Comparable Homestead Property Tax Changes in Shelby County

	2009 to 2010		2007 to 2010	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
Summary Change in Tax Bill				
Higher Tax Bill	9,089	87.4%	522	5.0%
No Change	172	1.7%	54	0.5%
Lower Tax Bill	1,140	11.0%	9,825	94.5%
Average Change in Tax Bill	4.5%		-25.2%	
Detailed Change in Tax Bill				
20% or More	197	1.9%	167	1.6%
10% to 19%	3,567	34.3%	99	1.0%
1% to 9%	5,325	51.2%	256	2.5%
0%	172	1.7%	54	0.5%
-1% to -9%	820	7.9%	832	8.0%
-10% to -19%	171	1.6%	2,157	20.7%
-20% to -29%	56	0.5%	2,569	24.7%
-30% to -39%	37	0.4%	2,157	20.7%
-40% to -49%	12	0.1%	1,135	10.9%
-50% to -59%	8	0.1%	469	4.5%
-60% to -69%	7	0.1%	152	1.5%
-70% to -79%	7	0.1%	115	1.1%
-80% to -89%	3	0.0%	75	0.7%
-90% to -99%	7	0.1%	45	0.4%
-100%	12	0.1%	119	1.1%
Total	10,401	100.0%	10,401	100.0%

The average homeowner saw a 4.5% tax bill increase from 2009 to 2010.

Homestead taxes in 2010 were still 25.2% lower than they were in 2007, before the property tax reforms.

94.5% of homeowners saw lower tax bills in 2010 than in 2007.

85.5% of homeowners saw tax increases of between 1% and 19% from 2009 to 2010.

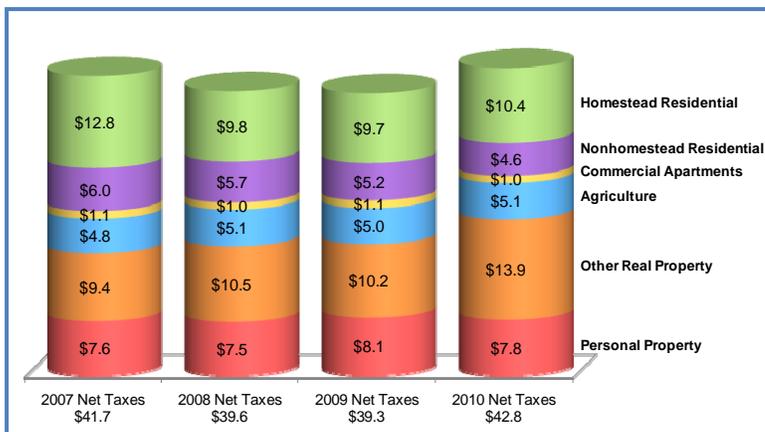
The largest percentage of homeowners have seen between a 10% and 39% decrease in their tax bills from 2007 to 2010.

Note: Percentages may not total due to rounding.

Shelby County Overview

The larger-than-average increase in homeowner tax bills was mainly due to local government levy increases. Property tax levies increased 7.1% in Shelby County in 2010, more than the state average increase of 2.4%. The largest levy increase was in the Shelbyville Central School Corporation's bus replacement fund. Shelby County homeowners benefitted less from the one percent property tax cap than did homeowners in the average county, primarily because most Shelby County tax rates are lower than the state average. Shelby County does not provide local homestead credits. Levies for the town of Edinburg show large variations each year from 2007 to 2010. Edinburg is a cross-county unit, located in Bartholomew, Johnson, and Shelby Counties. Most of Edinburg's levy variation in Shelby County is related to fluctuations in Shelby County's relative share of the total assessed value in the town. In addition, Edinburg temporarily reduced their levy in 2009.

**Comparison of Net Property Tax by Property Type
(In Millions)**



Net tax bills for all taxpayers increased 8.5% in Shelby County from 2009 to 2010. This was higher than the statewide reduction of 1.4%. In 2010 apartment owners saw a 7.9% decrease in tax bills. This decrease was due mainly to the tightening of the tax caps from 2.5% to 2% for rental housing. The tightening of the tax caps also affected nonhomestead residential property (mostly small rental residences), which saw a 12.4% decrease in tax bills. Other real and personal property, mostly commercial and industrial land, buildings, and equipment, saw a 35.8% increase and a 4.3%

decrease, respectively, in tax bills in 2010. These changes in tax bills were mainly due to changes in assessed value and the increase in property tax levies. After deductions and exemptions, business real property net assessed value grew by 30.1%, while personal property net assessed value declined by 7.0%. Commercial and industrial property did not benefit very much from the tightened tax caps, because Shelby County's tax rates were generally not high enough for this type of property to qualify for tax cap credits. Agricultural business property saw a 2.1% increase in tax payments in 2010, mainly because of the 4% increase in the base rate of farmland, from \$1,200 to \$1,250 per acre.

2010 Property Tax Policy Changes

Property Tax Caps. Property tax caps tightened to their permanent levels. The tighter caps meant more taxpayers were eligible for tax cap credits. This resulted in greater reductions in property tax revenue for local governments.

State Homestead Credits. State homestead credits were reduced by 43% between 2009 and 2010 as part of a scheduled phaseout. The average statewide credit rate fell from 8% to 5% as a result. The credit will be eliminated in 2011.



Tax Cap Credits

Tax cap credits in Shelby County in 2010 amounted to 2.8% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was partly due to lower-than-average tax rates in Shelby County and to the county having a smaller share of its net assessed value in the 2% cap category. This category includes rental housing, which tends to be in cities and towns where tax rates usually are above \$2 per \$100 assessed value. If the rate exceeds the tax cap, rental housing would be eligible for tax cap credits. Few commercial or industrial properties in the 3% tax cap category qualified for credits, because the tax rate exceeded \$3 in only one taxing district. Shelby County tax rates were not high enough for a large share of homesteads to qualify for credits in the 1% category.

**2010 Circuit Breaker Credits by Cap Category
Shelby County Total \$1,232,389**

1%	2%	3%	Elderly
\$340,854	\$864,724	\$4,763	\$22,048
27.7%	70.2%	0.4%	1.8%

Shelby County, Shelbyville City, and the Shelbyville Central School Corporation saw the largest revenue losses from the tax caps in 2010. As a percentage of total levies, the town of Edinburg lost the most, at 38.8%. Losses were greatest for units that overlapped the municipalities of Edinburg and Shelbyville, because these districts had the highest tax rates.

The Effects of Recession

In Shelby County the recession has had an effect on the economy. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 4.3% in December 2007 to 10.1% in July 2009. Despite job losses, local income tax revenue grew by 0.9%.

Shelby County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	1,607,719,300	1,611,937,953	0.3%
Other Residential	270,639,200	272,465,700	0.7%
Ag Business/Land	347,829,300	355,723,600	2.3%
Business Real/Personal	1,014,618,900	1,202,329,403	18.5%
Total	\$3,240,806,700	\$3,442,456,656	6.2%

In addition, the recession reduced new construction, so less new property was added to assessment roles. The recession also reduced some property values, which affected assessed values through annual trending. Lower assessed values may result in higher tax rates for local taxpayers. In those instances where taxpayers' bills are limited by the caps, the higher rates may result in higher circuit breaker credits, causing increased revenue losses for local governments.

In Shelby County, the gross assessed value of business real and personal property rose 18.5% in 2010. Other assessment categories also increased, and total gross assessed value in Shelby County rose 6.2%. This was higher than the state average increase of 0.6%.

The tables on the following pages illustrate 2007 – 2010 levy comparisons, 2010 tax rates and credit rates, and 2010 circuit breaker losses by taxing unit.

Shelby County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	53,553,658	53,132,096	36,149,027	38,701,331	-0.8%	-32.0%	7.1%
State Unit	52,836	54,057	0	0	2.3%	-100.0%	
Shelby County	8,662,842	7,486,908	6,772,367	6,654,428	-13.6%	-9.5%	-1.7%
Addison Township	70,037	71,815	73,899	91,940	2.5%	2.9%	24.4%
Brandywine Township	61,028	61,379	91,181	86,243	0.6%	48.6%	-5.4%
Hanover Township	61,674	62,095	62,524	63,112	0.7%	0.7%	0.9%
Hendricks Township	18,734	19,325	20,314	20,870	3.2%	5.1%	2.7%
Jackson Township	16,864	17,144	18,273	18,862	1.7%	6.6%	3.2%
Liberty Township	22,304	19,886	19,865	20,810	-10.8%	-0.1%	4.8%
Marion Township	33,344	34,853	36,341	37,507	4.5%	4.3%	3.2%
Moral Township	116,647	204,811	167,060	159,901	75.6%	-18.4%	-4.3%
Noble Township	29,815	29,520	29,965	30,702	-1.0%	1.5%	2.5%
Shelby Township	59,416	58,180	61,026	61,836	-2.1%	4.9%	1.3%
Sugar Creek Township	35,282	35,328	35,834	57,896	0.1%	1.4%	61.6%
Union Township	27,407	27,372	26,932	24,735	-0.1%	-1.6%	-8.2%
Van Buren Township	51,750	53,229	55,343	56,455	2.9%	4.0%	2.0%
Washington Township	24,082	25,017	26,053	26,922	3.9%	4.1%	3.3%
Shelbyville Civil City	8,597,292	9,007,172	8,704,942	9,007,881	4.8%	-3.4%	3.5%
St. Paul Civil Town	3,970	17,308	18,761	18,428	336.0%	8.4%	-1.8%
Edinburgh Civil Town	97,555	186,045	92,794	139,685	90.7%	-50.1%	50.5%
Morristown Civil Town	241,157	237,911	258,848	264,885	-1.3%	8.8%	2.3%
Decatur County Community School Corp	48,714	47,387	16,373	17,263	-2.7%	-65.4%	5.4%
Shelby Eastern School Corp	8,804,368	8,909,418	4,916,427	4,898,506	1.2%	-44.8%	-0.4%
Northwestern Consol School Corp	5,376,192	5,205,630	2,708,987	3,032,716	-3.2%	-48.0%	12.0%
Southwestern Consol Shelby County School Corp	3,078,485	3,284,215	1,888,528	1,877,966	6.7%	-42.5%	-0.6%
Shelbyville Central School Corp	17,293,827	17,232,121	9,328,047	11,288,721	-0.4%	-45.9%	21.0%
Shelbyville-Shelby County Public Library	501,939	527,057	559,616	579,546	5.0%	6.2%	3.6%
Shelby County Solid Waste Mgt Dist	147,499	153,162	158,727	163,515	3.8%	3.6%	3.0%
Morristown Redevelopment Comm	0	0	0	0			
Shelbyville Redevelopment Comm	18,598	63,751	0	0	242.8%	-100.0%	

Shelby County Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

Dist #	Taxing District	Tax Rate	Credit Rates						Net Tax Rate, Homesteads
			LOIT PTRC	State Homestead	COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	
73001	Addison Township	1.5239	--	3.9620%	--	--	--	--	1.4635
73002	Shelbyville City-Addison Twp	2.5171	--	3.9620%	--	--	--	--	2.4174
73004	Brandywine Township	1.1560	--	3.9620%	--	--	--	--	1.1102
73005	Shelbyville City-Brandywine Twp	2.1001	--	3.9620%	--	--	--	--	2.0169
73007	Hanover Township	1.6175	--	3.9620%	--	--	--	--	1.5534
73008	Morristown Town	2.1182	--	3.9620%	--	--	--	--	2.0343
73009	Hendricks Township	1.2389	--	3.9620%	--	--	--	--	1.1898
73010	Jackson Township	1.2311	--	3.9620%	--	--	--	--	1.1823
73011	Liberty Township	1.5629	--	3.9620%	--	--	--	--	1.5010
73012	Marion Township	1.5356	--	3.9620%	--	--	--	--	1.4748
73013	Moral Township	1.1455	--	3.9620%	--	--	--	--	1.1001
73014	Noble Township	1.5792	--	3.9620%	--	--	--	--	1.5166
73015	St Paul Town-Decatur Co Schl	1.3838	--	3.9620%	--	--	--	--	1.3290
73016	Shelby Township-East	1.6146	--	3.9620%	--	--	--	--	1.5506
73017	Shelby Township-West	1.5695	--	3.9620%	--	--	--	--	1.5073
73018	Sugar Creek Township	1.1455	--	3.9620%	--	--	--	--	1.1001
73019	Union Township	1.5726	--	3.9620%	--	--	--	--	1.5103
73020	Van Buren Township	1.6098	--	3.9620%	--	--	--	--	1.5460
73021	Washington Township	1.2530	--	3.9620%	--	--	--	--	1.2034
73022	St Paul Town-Shelby Eastern Schl	1.9464	--	3.9620%	--	--	--	--	1.8693
73023	Shelbyville Shelby West	2.5289	--	3.9620%	--	--	--	--	2.4287
73024	Shelbyville City-Marion Township	2.5269	--	3.9620%	--	--	--	--	2.4268
73025	Edinburg Town-Jackson Township	3.6209	--	3.9620%	--	--	--	--	3.4774
73026	Shelbyville Shelby East	2.5740	--	3.9620%	--	--	--	--	2.4720
73027	Fairland Town	1.6771	--	3.9620%	--	--	--	--	1.6107

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 *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value.
 The *State Homestead Credit* is the HEA1001-2008 special rate, which will be eliminated after 2010.
 The *LOIT*, *COIT*, and *CEDIT* credits are funded by local income taxes.
 The *Net Tax Rate for Homesteads* is calculated by reducing the tax rate by the various credit percentages.

Shelby County 2010 Circuit Breaker Cap Credits

Taxing Unit Name	Circuit Breaker Credits by Property Type				Total	Levy	Circuit Breaker as % of Levy
	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly			
<i>Non-TIF Total</i>	340,854	864,711	4,763	22,048	1,232,376	38,740,330	3.2%
<i>TIF Total</i>	0	13	0	0	13	4,843,074	0.0%
<i>County Total</i>	340,854	864,724	4,763	22,048	1,232,389	43,583,404	2.8%
Shelby County	41,751	109,887	423	3,637	155,698	6,654,428	2.3%
Addison Township	645	2,402	0	73	3,120	91,940	3.4%
Brandywine Township	8	3	0	65	75	86,243	0.1%
Hanover Township	8	43	0	1	51	63,112	0.1%
Hendricks Township	5	0	0	1	6	20,870	0.0%
Jackson Township	189	68	16	9	283	18,862	1.5%
Liberty Township	0	0	0	5	6	20,810	0.0%
Marion Township	322	103	0	26	450	37,507	1.2%
Moral Township	5	0	0	98	103	159,901	0.1%
Noble Township	5	0	0	0	5	30,702	0.0%
Shelby Township	198	16	0	85	299	61,836	0.5%
Sugar Creek Township	0	0	0	24	24	57,896	0.0%
Union Township	13	0	0	0	13	24,735	0.1%
Van Buren Township	82	0	0	0	82	56,455	0.1%
Washington Township	0	0	0	0	0	26,922	0.0%
Shelbyville Civil City	112,486	338,919	0	5,688	457,093	9,007,881	5.1%
St. Paul Civil Town	35	0	0	2	38	18,428	0.2%
Edinburgh Civil Town	37,574	13,486	3,156	0	54,217	139,685	38.8%
Morristown Civil Town	486	2,641	0	27	3,154	264,885	1.2%
Fairland Civil Town	0	0	0	356	356	38,999	0.9%
Decatur County Community School Corp	55	0	0	4	59	17,263	0.3%
Shelby Eastern School Corp	3,080	5,549	0	273	8,902	4,898,506	0.2%
Northwestern Consol School Corp	95	118	0	1,844	2,057	3,032,716	0.1%
Southwestern Consol Shelby County School Corp	13,472	4,787	1,120	398	19,778	1,877,966	1.1%
Shelbyville Central School Corp	125,678	374,419	0	9,026	509,123	11,288,721	4.5%
Shelbyville-Shelby County Public Library	3,636	9,570	37	317	13,560	579,546	2.3%
Shelby County Solid Waste Mgt Dist	1,026	2,700	10	89	3,826	163,515	2.3%
Morristown Redevelopment Comm	0	0	0	0	0	0	
Shelbyville Redevelopment Comm	0	0	0	0	0	0	
TIF - Shelbyville Addison	0	0	0	0	0	1,186,261	0.0%
TIF - Shelbyville Brandywine	0	8	0	0	8	2,964,175	0.0%
TIF - Morristown	0	5	0	0	5	692,638	0.0%

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.

Circuit Breaker Credit Types:

Homesteads are owner-occupied primary residences and include homestead land and buildings in the 1% 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, second homes, long-term care facilities, and farmland, in the 2% tax cap category.

All Other Real/Personal is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3% 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.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. For TIF districts, this amount represents the TIF proceeds before circuit breaker credits. This information is included to allow comparison to the circuit breaker revenue losses.

Numbers may not total due to rounding.