

2010 Property Tax Report

Switzerland County

with comparisons between 2007 and 2010



Legislative Services Agency

July 2010

This report describes property tax changes in Switzerland 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 Switzerland 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 Switzerland 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	1,259	60.7%	255	12.3%
No Change	40	1.9%	5	0.2%
Lower Tax Bill	774	37.3%	1,813	87.5%
Average Change in Tax Bill	0.8%		-20.5%	
Detailed Change in Tax Bill				
20% or More	223	10.8%	133	6.4%
10% to 19%	287	13.8%	45	2.2%
1% to 9%	749	36.1%	77	3.7%
0%	40	1.9%	5	0.2%
-1% to -9%	429	20.7%	152	7.3%
-10% to -19%	154	7.4%	338	16.3%
-20% to -29%	57	2.7%	475	22.9%
-30% to -39%	32	1.5%	392	18.9%
-40% to -49%	21	1.0%	187	9.0%
-50% to -59%	26	1.3%	80	3.9%
-60% to -69%	11	0.5%	51	2.5%
-70% to -79%	11	0.5%	34	1.6%
-80% to -89%	12	0.6%	35	1.7%
-90% to -99%	8	0.4%	24	1.2%
-100%	13	0.6%	45	2.2%
Total	2,073	100.0%	2,073	100.0%

Note: Percentages may not total due to rounding.

The average homeowner saw a 0.8% tax bill increase from 2009 to 2010.

87.5% of homeowners saw lower tax bills in 2010 than in 2007.

Homestead taxes in 2010 were still 20.5% lower than they were in 2007, before the property tax reforms.

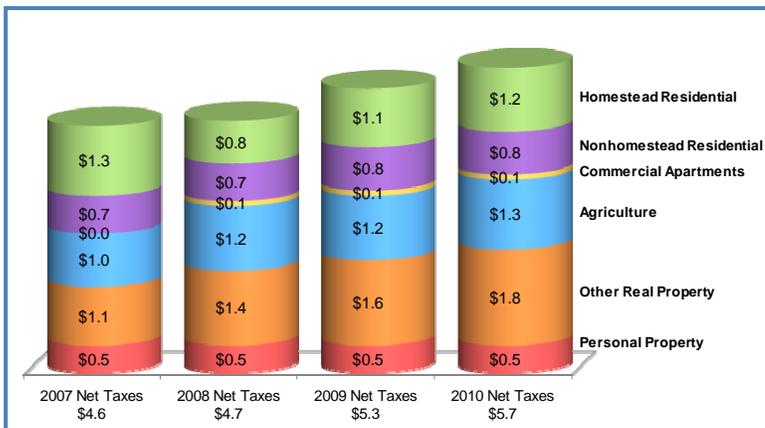
36.1% of homeowners saw tax increases of between 1% and 9% from 2009 to 2010.

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

Switzerland County Overview

The slightly larger-than-average increase in homeowner tax bills occurred because few Switzerland County homeowners benefitted from the one percent tax cap. This was primarily because Switzerland County tax rates are much lower than average. The state homestead credit decreased in the county more than the state average. Property tax levies increased 1.2% in Switzerland County in 2010, slightly less than the state average increase of 2.4%. An increase in the county general fund levy was offset by a decrease in the Switzerland School Corporation bus replacement levy. Switzerland County does not provide local homestead credits.

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



Net tax bills for all taxpayers increased 5.0% in Switzerland County from 2009 to 2010. This was higher than the statewide reduction of 1.4%. In 2010 apartment owners saw a 0.2% increase in tax bills, partly due to reclassification of property. Taxes for parcels that were classified as apartments in both 2009 and 2010 grew by 4.9%, mainly because tax rates rose by 3.7% in the taxing district containing all of the apartments. Nonhomestead residential property (mostly small rental residences) saw a decrease of 1.3% in tax bills, partly due to reclassification of property. Taxes for parcels that were classified as nonhomestead residential in both 2009 and 2010 grew by 3.2%, mainly because of tax rate changes. Other real and personal property, mostly commercial and

industrial land, buildings, and equipment, saw a 10.7% and 2.4% increase, respectively, in tax bills in 2010. These changes in tax bills were mainly due to the increase in Switzerland County property tax levies and changes in assessed value. After deductions and exemptions, business real property net assessed value grew by 7.0%, while personal property net assessed value grew by 0.8%. Agricultural business property saw a 1.9% 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 Switzerland County in 2010 amounted to 0.2% of the total property tax levy. The statewide average was 6.3%. The smaller percentage loss in the county was mainly due to much lower-than-average tax rates in Switzerland County. All district tax rates were under \$2 per \$100 AV, so no properties in the 2% or 3% cap categories qualified for circuit breaker credits. Combined with the low tax rates, only nine homesteads had high-enough assessed values to qualify for a circuit breaker credit in the 1% cap category. Most circuit breaker credits were allocated to low-income, elderly homeowners under the 2% annual growth limit for their net taxes.

**2010 Circuit Breaker Credits by Cap Category
Switzerland County Total \$9,979**

Cap Category	1%	2%	3%	Elderly
Amount	\$2,150	\$0	\$0	\$7,830
Percentage	21.5%	0.0%	0.0%	78.5%

Switzerland County and the Switzerland County School Corporation saw the largest losses from the tax caps in 2010. As a percentage of total levies, the town of Patriot lost the most, at 1.7%.

The Effects of Recession

In Switzerland County the recession has affected the economy, though less than in most Indiana counties. The recession created upward pressure on property tax bills in several ways. The unemployment rate rose from 4.4% in December 2007 to 7.8% in July 2009. Job losses and income declines contributed to a 6.1% drop in local income tax revenue.

Switzerland County Gross Assessed Value by Property Type

Property Type	Gross AV 2009	Gross AV 2010	Gross AV Change
Homesteads	284,388,900	279,861,336	-1.6%
Other Residential	55,914,700	57,074,300	2.1%
Ag Business/Land	103,520,300	109,076,400	5.4%
Business Real/Personal	195,890,280	204,876,914	4.6%
Total	\$639,714,180	\$650,888,950	1.7%

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 Switzerland County, the gross assessed value of business real and personal property increased 4.6% in 2010. Most other assessment categories, except for homesteads, also increased, and total gross assessed value in Switzerland County rose 1.7%. 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.

Switzerland County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	% Change		
					2007-2008	2008-2009	2009-2010
<i>County Total</i>	6,814,739	7,526,857	5,434,736	5,498,258	10.4%	-27.8%	1.2%
State Unit	11,664	12,383	0	0	6.2%	-100.0%	
Switzerland County	1,905,600	1,986,878	1,846,307	1,913,415	4.3%	-7.1%	3.6%
Cotton Township	19,589	19,608	21,713	22,511	0.1%	10.7%	3.7%
Craig Township	17,749	17,867	19,398	20,234	0.7%	8.6%	4.3%
Jefferson Township	37,201	37,365	40,251	42,118	0.4%	7.7%	4.6%
Pleasant Township	18,332	19,102	20,519	21,282	4.2%	7.4%	3.7%
Posey Township	18,830	18,906	20,228	21,104	0.4%	7.0%	4.3%
York Township	35,793	34,563	39,797	41,197	-3.4%	15.1%	3.5%
Patriot Civil Town	6,537	6,317	6,857	7,316	-3.4%	8.5%	6.7%
Vevay Civil Town	253,307	251,117	266,626	286,094	-0.9%	6.2%	7.3%
Switzerland County School Corp	4,313,233	4,933,402	2,950,175	2,912,808	14.4%	-40.2%	-1.3%
Switzerland County Public Library	129,762	141,367	152,965	158,678	8.9%	8.2%	3.7%
Southeastern Indiana Solid Waste Mgt Dist	47,142	47,982	49,900	51,501	1.8%	4.0%	3.2%

Switzerland 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		LOIT Residential
78001	Cotton Township	1.1261	--	1.9910%	--	--	--	--	--	1.1037
78002	Craig Township	1.1467	--	1.9910%	--	--	--	--	--	1.1239
78003	Jefferson Township	1.1304	--	1.9910%	--	--	--	--	--	1.1079
78004	Vevay Town	1.7041	--	1.9910%	--	--	--	--	--	1.6702
78005	Pleasant Township	1.1262	--	1.9910%	--	--	--	--	--	1.1038
78006	Posey Township	1.1221	--	1.9910%	--	--	--	--	--	1.0998
78007	Patriot Town	1.2994	--	1.9910%	--	--	--	--	--	1.2735
78008	York Township	1.1105	--	1.9910%	--	--	--	--	--	1.0884

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.

Switzerland 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>	2,149	0	0	7,830		9,979	5,498,258	0.2%
<i>TIF Total</i>	0	0	0	0		0	0	
<i>County Total</i>	2,149	0	0	7,830		9,979	5,498,258	0.2%
Switzerland County	655	0	0	2,333		2,988	1,913,415	0.2%
Cotton Township	4	0	0	39		42	22,511	0.2%
Craig Township	27	0	0	21		48	20,234	0.2%
Jefferson Township	30	0	0	141		171	42,118	0.4%
Pleasant Township	4	0	0	5		8	21,282	0.0%
Posey Township	5	0	0	22		27	21,104	0.1%
York Township	0	0	0	2		2	41,197	0.0%
Patriot Civil Town	45	0	0	81		125	7,316	1.7%
Vevay Civil Town	311	0	0	1,380		1,691	286,094	0.6%
Switzerland County School Corp	997	0	0	3,551		4,548	2,912,808	0.2%
Switzerland County Public Library	54	0	0	193		248	158,678	0.2%
Southeastern Indiana Solid Waste Mgt Dist	18	0	0	63		80	51,501	0.2%

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.