

Property Tax Payments, 2002-2003 - Vigo County -

Indiana Legislative Services Agency

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The Indiana Supreme Court found Indiana's true tax value assessment rules to be unconstitutional in December 1998. Major changes in property tax payments in each county from 2002 to 2003 were caused by several factors, including:

- The move from the old true tax value assessment rules to the new market-oriented rules during the 2002-2003 property tax reassessment.
- Tax levy increases by local taxing units, which are influenced by spending and the availability of other revenue sources.
- The tax restructuring provisions enacted by the General Assembly in 2002 to help mitigate some of the effects of the assessment changes.

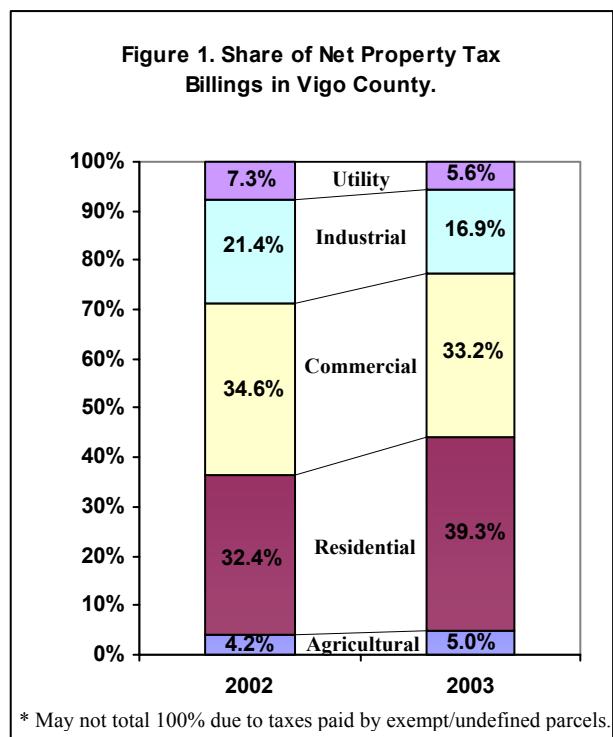
State Tax Credits Increased in Vigo County from \$18.7 Million in 2002 to \$30.8 Million in 2003.

The General Assembly's restructuring provisions increased state tax credits statewide in 2003 from \$1.12 billion to \$1.87 billion, an increase of approximately \$748 million. In Vigo County, state tax credits increased

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	102.1%	87.6%	19.8%
Residential (All)	107.2%	75.7%	21.1%
Homestead Only	102.5%	59.5%	7.2%
Commercial	38.4%	29.8%	-4.3%
Industrial	7.9%	4.5%	-21.5%
Utility	9.6%	-0.9%	-23.4%
Avg. All Classes	58.2%	41.3%	-0.2%

from \$18.7 million to \$30.8 million, an increase of \$12.1 million. This paper provides a brief summary of how these factors changed property tax liabilities in Vigo County.

Tax Shifts. Vigo County saw a property tax shift from businesses to residential and agricultural property owners. Tax bills paid by residential and agricultural property owners increased, while tax bills paid by commercial, industrial, and utility property owners decreased (see Table 1). [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] The reason for these shifts between classes of property was that the total of real plus personal property assessed values (AV) of residential and agricultural property increased more than the assessed values of business property. Gross assessed values of agricultural and residential property doubled. Commercial, industrial, and utility assessments rose much less. These figures include the effects of new construction,



demolition and remodeling of property, as well as the effects of reassessment, tax restructuring and levy increases.

Homeowners and Renters. The residential property type includes both homestead and non-homestead residential property. Owners of residential and agricultural homesteads in Vigo County saw their tax bills increase by a smaller amount than the average residential property increase. A property is eligible for the homestead deduction and credit if it is occupied by its owner and is the owner’s primary residence. The increase in the homestead deduction from \$6,000 to \$35,000 is the reason that residential net assessed value rose so much less than gross assessed value.

Tax bills on non-homestead residential property, which is primarily rental property, increased much more than for homestead property. Taxes rose because rental assessments increased as much as homestead assessments, but rental property was not eligible for the homestead deduction or homestead credit.

Table 2 shows tax changes for comparable properties, those with physical features that were unchanged from 2002 to 2003. In Vigo County, substantially more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, more homestead owners also saw increases rather than decreases.

	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead -NO Levy Change -
Increased	74.2%	59.3%	69.2%	52.1%
Decreased	25.8%	40.7%	30.8%	47.9%
Increased 100% or More	22.9%	9.6%	20.7%	8.4%
Decreased 25% or More	8.7%	12.9%	11.3%	17.5%
Average Change (\$)	\$133	\$45	\$87	-\$6
Average Change (%)	21.4%	5.6%	14.1%	-0.7%

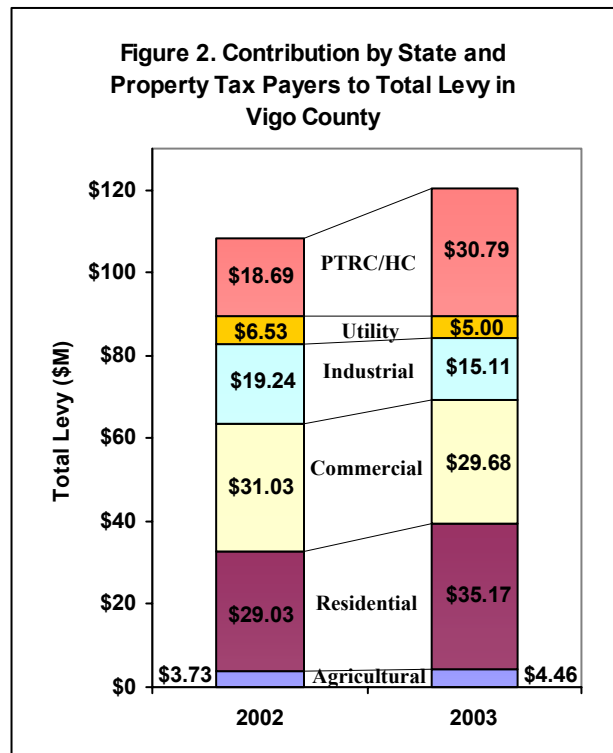
* Percentages represent the percentage of parcels affected.

Not all of the tax bill change was due to reassessment and tax restructuring. Some was due to increases in the tax levies of local units of government. Table 2 shows estimates of what would have happened had tax levies remained unchanged. The estimates are made by recalculating tax rates for 2003 using tax levies from 2002.

With no levy changes, more than two-thirds of all residential property owners still would have seen tax increases, and less than one-third would have seen decreases. For homesteads, about one-half would have seen increases, and half would have seen decreases. Apart from levy increases, reassessment and restructuring increased the taxes of slightly more homeowners than they increased.

Agriculture. Taxes on agricultural property in Vigo County rose. Overall, agricultural business taxes rose more than agricultural homestead taxes. The net assessed value on non-homestead agricultural real property more than doubled. This reflects the 112% increase in the base rate of farm land, from \$495 to \$1,050 per acre. Agricultural net personal property assessments increased by a smaller amount.

Business. Taxes on business property fell in Vigo County



because assessed values rose much less than residential and agricultural assessments. Business real property was assessed closer to the market value standard under the old assessment rules than was residential property. Consequently, the shift to market value assessment increased business assessments less. The general rise in assessed values in Vigo County reduced tax rates, and this cut tax bills for owners of property with smaller assessment increases, like businesses.

Tax Restructuring. The tax restructuring of 2002 made significant changes to property tax assessments, deductions, credits, and hence to overall tax payments. Restructuring reversed personal property rule changes which the Department of Local Government Finance had put in place. It replaced one tax break for homeowners, known as the shelter allowance, with a larger (in most cases) homestead deduction. Restructuring also increased property tax replacement credits (PTRC) from the existing 20% credit. PTRC on school general fund levies is now 60% for all property. A 20% PTRC is paid to real property owners on civil levies plus the remaining school general fund levies (after the 60% credit). Restructuring also raised the homestead credit to 20% of net qualifying levies, instead of allowing it to revert to 4% of gross qualifying levies in 2003. Figure 2 shows the net levies paid by each property classification along with the PTRC and state homestead credit contributions. The contribution to local levies in Vigo County by PTRC and state homestead credit payments increased by approximately 64.8%, from \$18.7 million to \$30.8 million.

Table 3 shows estimates of how Vigo County tax bills would have changed for each property type had tax restructuring not been adopted. Tax increases for residential and agricultural property owners would have been particularly large. The increases in the homestead deduction and PTRC in the tax restructuring reduced the size of these tax increases. Vigo County residential property taxes still increased because the reassessment business-to-residential tax shift, plus the increase in the tax levy, was not fully offset by the rise in the homestead deduction and higher state PTRC payments. The elimination of PTRC on personal property was responsible for reducing the tax cuts received by business property. The percentage changes in the “With Restructuring” column of Table 3 correspond to the changes in the net levies in Figure 2.

Property Type	No Restructuring (Estimated)	With Restructuring (Actual)	Difference
Agricultural	36.8%	19.8%	-17.1%
Residential (All)	60.6%	21.1%	-39.5%
Homestead Only	65.6%	7.2%	-58.4%
Commercial	-6.4%	-4.3%	2.1%
Industrial	-24.5%	-21.5%	3.0%
Utility	-36.8%	-23.4%	13.3%

List of Attached Summary Tables. Four summary tables are attached to provide additional information regarding assessed values and taxes by property class.

Summary Table 1: Comparison of 2002 and 2003 Net Property Tax Billings by Property Classification. This table summarizes net tax billings for real and personal property by property class. Additional information is provided for subclasses such as homesteads, agricultural homesteads, agricultural land, and rental properties.

Summary Table 2: Comparison of 2002 and 2003 Net Assessed Value by Property Classification. This table summarizes net assessed values for the same property classes described in Summary Table 1.

Summary Table 3: Changes in Assessed Values, Deductions, Credits, and Net Levies. This table summarizes the county-wide changes in tax bill components from 2002 to 2003 for real and personal property by property class.

Summary Table 4: Residential Property Summary. This table summarizes the assessed value and net tax changes from 2002 to 2003 for residential property. The table includes a distribution of net tax changes for comparable residential properties and for the homestead component of residential property. The table also depicts the distribution of changes as if there were no levy increase in 2003.

Vigo County
Changes in Assessed Values, Deductions, Credits and Net Levies
Pay 2002 - Pay 2003

	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Pay 2002							
Real Gross Assessed Value	2,027,524,510	156,428,496	1,152,286,068	922,235,680	462,229,462	256,400,955	0
Real Deductions	251,362,645	11,805,060	197,256,336	197,256,336	5,262,662	37,038,587	0
Real Net Assessed Value	1,776,161,865	144,623,436	955,029,732	724,979,344	456,966,800	219,362,368	0
Personal Gross Assd. Value	1,127,480,107	5,082,330	6,628,870	0	452,381,832	407,970,611	255,416,465
Personal Deductions	157,689,130	0	6,150	0	63,455,010	50,498,570	43,729,400
Personal Net Assd. Value	969,790,977	5,082,330	6,622,720	0	388,926,822	357,472,041	211,687,065
Total Gross Assessed Value	3,155,004,617	161,510,826	1,158,914,938	922,235,680	914,611,294	664,371,566	255,416,465
Total Deductions	409,051,775	11,805,060	197,262,486	197,256,336	68,717,672	87,537,157	43,729,400
Total Net Assessed Value	2,745,952,842	149,705,766	961,652,452	724,979,344	845,893,622	576,834,409	211,687,065
Gross Levy	109,259,875	4,544,596	37,470,608	27,769,504	36,795,929	22,716,449	7,723,515
PTRC (Calculated)	16,905,525	686,414	5,775,958	4,265,436	5,770,190	3,473,454	1,198,105
State/County Homestead Cr. (Calculated)	2,793,340	131,887	2,661,453	2,661,453	0	0	0
Net Levy	89,561,010	3,726,295	29,033,197	20,842,615	31,025,740	19,242,995	6,525,410
Pay 2003							
Real Gross Assessed Value	3,790,404,860	320,013,010	2,396,087,111	1,867,574,170	707,422,094	366,819,853	0
Real Deductions	824,636,511	45,674,487	711,577,372	711,577,372	12,247,098	55,137,554	0
Real Net Assessed Value	2,965,768,349	274,338,523	1,684,509,739	1,155,996,798	695,174,996	311,682,299	0
Personal Gross Assd. Value	1,199,876,710	6,450,380	5,160,450	0	558,178,687	350,230,289	279,856,904
Personal Deductions	285,080,660	0	0	0	155,617,640	59,337,830	70,125,190
Personal Net Assd. Value	914,796,050	6,450,380	5,160,450	0	402,561,047	290,892,459	209,731,714
Total Gross Assessed Value	4,990,281,570	326,463,390	2,401,247,561	1,867,574,170	1,265,600,781	717,050,142	279,856,904
Total Deductions	1,109,717,171	45,674,487	711,577,372	711,577,372	167,864,738	114,475,384	70,125,190
Total Net Assessed Value	3,880,564,399	280,788,903	1,689,670,189	1,155,996,798	1,097,736,043	602,574,758	209,731,714
Gross Levy	121,106,958	6,533,406	52,291,715	34,952,995	37,463,314	18,933,393	5,882,712
PTRC (Calculated)	28,215,043	1,915,693	13,807,172	9,293,060	7,779,207	3,825,584	886,788
State/County Homestead Cr. (Calculated)	3,466,330	154,997	3,311,333	3,311,333	0	0	0
Net Levy	89,425,585	4,462,716	35,173,211	22,348,602	29,684,108	15,107,809	4,995,925
COMPARISONS							
Net Levy Percent Change	-0.2%	19.8%	21.1%	7.2%	-4.3%	-21.5%	-23.4%
Contributions to Tax Bill Changes, 2002-2003							
Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	86.9%	104.6%	107.9%	102.5%	53.0%	43.1%	
Gross Personal AV	6.4%	26.9%	-22.2%	0.0%	23.4%	-14.2%	9.6%
Total Gross Assessed Value	58.2%	102.1%	107.2%	102.5%	38.4%	7.9%	9.6%
Net Assessed Value	41.3%	87.6%	75.7%	59.5%	29.8%	4.5%	-0.9%
Gross Levy	10.8%	43.8%	39.6%	25.9%	1.8%	-16.7%	-23.8%
Net Levy	-0.2%	19.8%	21.1%	7.2%	-4.3%	-21.5%	-23.4%
Actual State Credits, 2002 and 2003							
	2002	2003	Change	Change%			
PTRC (Abstract)	15,982,001	27,339,027	11,357,025	71.1%			
State Homestead Cr. (Abstract)	2,703,065	3,447,759	744,694	27.5%			
Total State Credits (Abstract)	18,685,066	30,786,786	12,101,720	64.8%			

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Vigo County

Property Classification	2002	2003	Difference***	Change***	2002	2003	Change
	Net Tax	Net Tax			% of Total Real + Pers	% of Total Real + Pers	
<u>Real + Personal</u>							
Agricultural	3,726,295	4,462,716	736,421	19.8%	4.2%	5.0%	0.8%
Residential	29,033,197	35,173,211	6,140,014	21.1%	32.4%	39.3%	6.9%
Commercial	31,025,740	29,684,108	-1,341,632	-4.3%	34.6%	33.2%	-1.4%
Industrial	19,242,995	15,107,809	-4,135,186	-21.5%	21.4%	16.9%	-4.6%
Utility	6,525,410	4,995,925	-1,529,485	-23.4%	7.3%	5.6%	-1.7%
Exempt	159,800	57,646	-102,154	-63.9%	0.2%	0.1%	-0.1%
Undefined	7,373	1,817	-5,556	-75.4%	0.0%	0.0%	0.0%
Total	89,720,810	89,483,232	-237,578	-0.3%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	3,597,008	4,340,741	743,733	20.7%	4.0%	4.9%	0.8%
Residential	28,818,666	35,070,616	6,251,950	21.7%	32.1%	39.2%	7.1%
Commercial	17,052,645	17,738,537	685,892	4.0%	19.0%	19.8%	0.8%
Industrial	7,824,234	7,340,030	-484,204	-6.2%	8.7%	8.2%	-0.5%
Utility	0	0	0	0.0%	0.0%	0.0%	0.0%
Exempt	159,800	57,646	-102,154	-63.9%	0.2%	0.1%	-0.1%
Undefined	7,373	1,817	-5,556	-75.4%	0.0%	0.0%	0.0%
Total	57,459,726	64,549,387	7,089,661	12.3%	64.0%	72.1%	8.1%
Agricultural Homesteads	1,429,940	1,568,549	138,609	9.7%	1.6%	1.8%	0.2%
Residential Homesteads	20,842,615	22,348,602	1,505,987	7.2%	23.2%	25.0%	1.7%
Total Homesteads	22,272,555	23,917,151	1,644,596	7.4%	24.8%	26.7%	1.9%
Non-Homestead Residential	7,976,051	12,722,014	4,745,963	59.5%	8.9%	14.2%	5.3%
Apartments (Over 4 Units)	1,471,543	2,814,449	1,342,906	91.3%	1.6%	3.1%	1.5%
<u>Personal Property Only</u>							
Agricultural	129,287	121,974	-7,313	-5.7%	0.1%	0.1%	0.0%
Residential	214,531	102,594	-111,937	-52.2%	0.2%	0.1%	-0.1%
Commercial	13,973,095	11,945,571	-2,027,524	-14.5%	15.6%	13.3%	-2.2%
Industrial	11,418,761	7,767,779	-3,650,982	-32.0%	12.7%	8.7%	-4.0%
Utility	6,525,410	4,995,925	-1,529,485	-23.4%	7.3%	5.6%	-1.7%
Total	32,261,084	24,933,843	-7,327,241	-22.7%	36.0%	27.9%	-8.1%
Total Depreciables	22,667,677	15,899,291	-6,768,386	-29.9%	25.3%	17.8%	-7.5%
Total Inventory	9,378,876	8,931,959	-446,917	-4.8%	10.5%	10.0%	-0.5%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	2,167,067	2,772,192	605,125	27.9%	2.4%	3.1%	0.7%
Ag Personal	129,287	121,974	-7,313	-5.7%	0.1%	0.1%	0.0%
Total Ag Business	2,296,354	2,894,166	597,812	26.0%	2.6%	3.2%	0.7%
Ag Homesteads	1,429,940	1,568,549	138,609	9.7%	1.6%	1.8%	0.2%

* "Tax billings" for real property refers to the net taxes charged per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Tax billings" for personal property refers to the net taxes charged on the personal property assessed value reported on the county auditor's abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net tax changes from 2002 to 2003 include effects of changes in assessment methods, local levies, real property physical characteristics, property use, personal property held or acquired, deductions, and credits.

Comparison of 2002 and 2003 Net Assessed Value*
(Scaled to Abstract Values)
By Property Classification**
Vigo County

Property Classification	2002	2003	Difference***	Change***	2002	2003	Change
	Net AV	Net AV			% of Total Real + Pers	% of Total Real + Pers	
<u>Real + Personal</u>							
Agricultural	149,705,766	280,788,903	131,083,137	87.6%	5.4%	7.2%	1.8%
Residential	961,652,452	1,689,670,189	728,017,737	75.7%	35.0%	43.5%	8.6%
Commercial	845,893,622	1,097,736,043	251,842,421	29.8%	30.7%	28.3%	-2.5%
Industrial	576,834,409	602,574,758	25,740,349	4.5%	21.0%	15.5%	-5.4%
Utility	211,687,065	209,731,714	-1,955,351	-0.9%	7.7%	5.4%	-2.3%
Exempt	5,478,640	2,845,960	-2,632,680	-48.1%	0.2%	0.1%	-0.1%
Undefined	179,529	62,792	-116,737	-65.0%	0.0%	0.0%	0.0%
Total	2,751,431,483	3,883,410,359	1,131,978,876	41.1%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	144,623,436	274,338,523	129,715,087	89.7%	5.3%	7.1%	1.8%
Residential	955,029,732	1,684,509,739	729,480,007	76.4%	34.7%	43.4%	8.7%
Commercial	456,966,800	695,174,996	238,208,196	52.1%	16.6%	17.9%	1.3%
Industrial	219,362,368	311,682,299	92,319,931	42.1%	8.0%	8.0%	0.1%
Utility	0	0	0	0.0%	0.0%	0.0%	0.0%
Exempt	5,478,640	2,845,960	-2,632,680	-48.1%	0.2%	0.1%	-0.1%
Undefined	179,529	62,792	-116,737	-65.0%	0.0%	0.0%	0.0%
Total	1,781,640,505	2,968,614,309	1,186,973,804	66.6%	64.8%	76.4%	11.7%
Agricultural Homesteads	61,452,085	105,488,455	44,036,370	71.7%	2.2%	2.7%	0.5%
Residential Homesteads	724,979,344	1,155,996,798	431,017,454	59.5%	26.3%	29.8%	3.4%
Total Homesteads	786,431,429	1,261,485,253	475,053,824	60.4%	28.6%	32.5%	3.9%
Non-Homestead Residential	230,050,388	528,512,941	298,462,553	129.7%	8.4%	13.6%	5.2%
Apartments (Over 4 Units)	46,102,378	121,402,200	75,299,822	163.3%	1.7%	3.1%	1.5%
<u>Personal Property Only</u>							
Agricultural	5,082,330	6,450,380	1,368,050	26.9%	0.2%	0.2%	0.0%
Residential	6,622,720	5,160,450	-1,462,270	-22.1%	0.2%	0.1%	-0.1%
Commercial	388,926,822	402,561,047	13,634,225	3.5%	14.1%	10.4%	-3.8%
Industrial	357,472,041	290,892,459	-66,579,582	-18.6%	13.0%	7.5%	-5.5%
Utility	211,687,065	209,731,714	-1,955,351	-0.9%	7.7%	5.4%	-2.3%
Total	969,790,978	914,796,050	-54,994,928	-5.7%	35.2%	23.6%	-11.7%
Total Depreciables	681,192,835	592,916,198	-88,276,637	-13.0%	24.8%	15.3%	-9.5%
Total Inventory	281,975,422	316,719,402	34,743,980	12.3%	10.2%	8.2%	-2.1%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	83,171,351	168,850,068	85,678,717	103.0%	3.0%	4.3%	1.3%
Ag Personal	5,082,330	6,450,380	1,368,050	26.9%	0.2%	0.2%	0.0%
Total Ag Business	88,253,681	175,300,448	87,046,767	98.6%	3.2%	4.5%	1.3%
Ag Homesteads	61,452,085	105,488,455	44,036,370	71.7%	2.2%	2.7%	0.5%

* "Net Assessed Value" for real property refers to the gross AV less deductions per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

** "Net Assessed Value" for personal property refers to the gross personal property assessed value reported on the county auditor's abstract less the deductions reported on the abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net AV changes from 2002 to 2003 include effects of changes in assessment methods, real property physical characteristics, property use, personal property held or acquired, and deductions.

**Vigo County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2002 to 2003	Change in Net AV 2002 to 2003	Change in Net Tax 2002 to 2003	Change in Net Tax With NO Cert. Levy Chg. 2002 to 2003
All Real Residential Properties	127%	96%	38%	30%
Comparable Residential Real Prop.	106%	75%	21%	14%
Comparable Homesteads	102%	58%	6%	-1%

Distribution of Net Tax Changes on Comparable Residential Property

% Change	2002 to 2003 Actual Bills All Residential Property		2002 to 2003 Actual Bills Homesteads Only		2002 to 2003 Recomputed Bills With NO Certified Levy Change All Residential Property		2002 to 2003 Recomputed Bills With NO Certified Levy Change Homesteads	
Over 300%	2,704	6.7%	575	2.6%	2,354	5.8%	514	2.3%
200% to 300%	1,985	4.9%	362	1.6%	1,870	4.6%	329	1.5%
100% to 200%	4,570	11.3%	1,189	5.4%	4,171	10.3%	1,020	4.6%
50% to 100%	6,391	15.9%	2,192	9.9%	5,670	14.1%	1,824	8.2%
25% to 50%	5,771	14.3%	2,842	12.8%	5,219	12.9%	2,329	10.5%
10% to 25%	3,977	9.9%	2,810	12.7%	4,199	10.4%	2,549	11.5%
5% to 10%	1,417	3.5%	1,111	5.0%	1,425	3.5%	1,037	4.7%
0 to 5%	3,086	7.7%	2,086	9.4%	2,999	7.4%	1,969	8.9%
0 to -5%	1,536	3.8%	1,262	5.7%	1,617	4.0%	1,284	5.8%
-5% to -10%	1,490	3.7%	1,343	6.1%	1,710	4.2%	1,401	6.3%
-10% to -25%	3,909	9.7%	3,550	16.0%	4,513	11.2%	4,038	18.2%
-25% to -50%	2,848	7.1%	2,517	11.3%	3,797	9.4%	3,423	15.4%
Below -50%	626	1.6%	352	1.6%	766	1.9%	474	2.1%
	40,310	100.0%	22,191	100.0%	40,310	100.0%	22,191	100.0%
Parcels With Increases	29,901	74.2%	13,167	59.3%	27,907	69.2%	11,571	52.1%
Parcels With Reductions	10,409	25.8%	9,024	40.7%	12,403	30.8%	10,620	47.9%
Average \$ Change		\$133		\$45		\$87		-\$6
Average % Change		21.4%		5.6%		14.1%		-0.7%

"Comparable Properties" = Properties with a record in both years that have improvements in both years OR no improvements in both years.

Data Source: 2002 and 2003 County Parcel Tax Data - County Auditor and County Assessor

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