

Property Tax Payments, 2002-2003 - Clark 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.

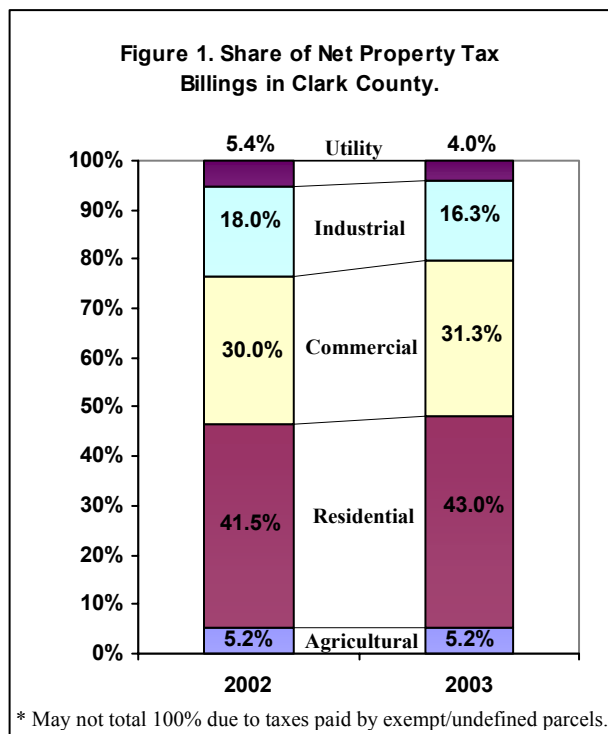
State Tax Credits Increased in Clark County from \$16.5 Million in 2002 to \$27.3 Million in 2003.

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 Clark County, state tax credits increased

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	92.6%	75.0%	-2.0%
Residential (All)	96.5%	67.1%	1.1%
Homestead Only	89.5%	48.4%	-11.9%
Commercial	52.2%	51.6%	1.7%
Industrial	26.8%	27.4%	-11.7%
Utility	4.8%	4.9%	-26.4%
Avg. All Classes	69.5%	53.6%	-2.7%

from \$16.5 million to \$27.3 million, an increase of \$10.8 million. This paper provides a brief summary of how these factors changed property tax liabilities in Clark County.

Tax Shifts. Clark County industrial and utility property owners saw substantial tax decreases in 2003, while taxes of agricultural, residential and commercial property owners saw small changes. [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] Gross assessed values of agricultural and residential property nearly doubled. Commercial assessments rose by half. Industrial and utility assessments increased by much smaller amounts. Agricultural and residential net assessment increases were less than the gross increases because of the increase in the homestead deduction. Still, the increase in net assessed value for agricultural, residential and commercial property was large compared to industrial and utility property. This explains why industrial and



utility property saw substantial tax decreases, while taxes for the other property classes saw small decreases or increases. 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 Clark County saw their tax bills decrease while the average residential property increased. 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 while taxes on homestead property decreased. 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 Clark County, slightly less than half of residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, about two-thirds of homestead owners saw decreases rather than increases.

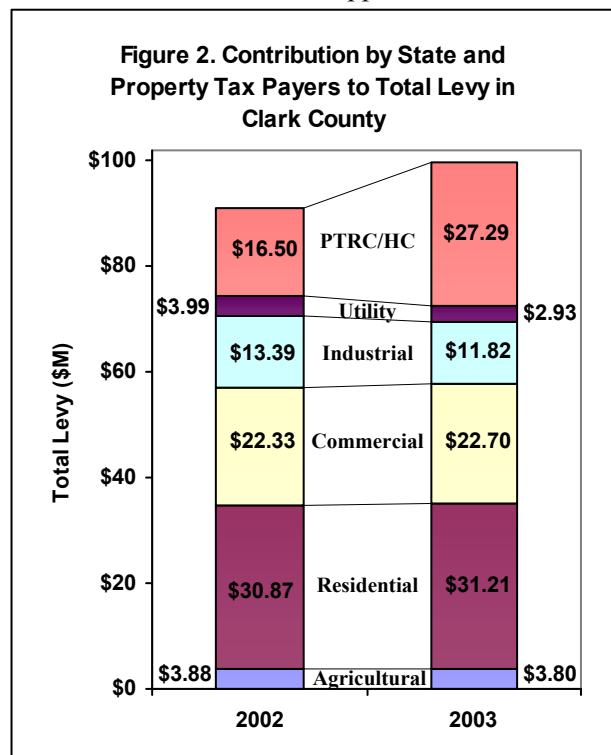
	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead -NO Levy Change -
Increased	48.2%	33.1%	41.2%	23.7%
Decreased	51.8%	66.9%	58.8%	76.3%
Increased 100% or More	8.8%	2.3%	7.1%	1.7%
Decreased 25% or More	20.0%	22.3%	28.2%	33.7%
Average Change (\$)	-\$8	-\$70	-\$64	-\$139
Average Change (%)	-1.1%	-7.2%	-8.8%	-14.5%

* 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, about 41% of all residential property owners would have seen tax increases, and 59% would have seen tax decreases. For homesteads, about 24% would have seen increases and 76% would have seen decreases. Apart from levy increases, reassessment and restructuring reduced the taxes of substantially more homeowners than they increased.

Agriculture. Taxes on agricultural property in Clark County fell slightly. Overall, agricultural business taxes rose, while agricultural homestead taxes decreased. 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 decreased.



Business. Taxes on industrial and utility property fell in Clark County because assessed values increased 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 industrial and utility assessments less. The general rise in assessed values in Clark County reduced tax rates, and this cut tax bills for owners of property with smaller assessment increases, like industrial and utility property.

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 Clark County by PTRC and state homestead credit payments increased by approximately 65%, from \$16.5 million to \$27.3 million.

Table 3 shows estimates of how Clark 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. Clark County residential property taxes still increased on average. However, taxes on homesteads decreased because the reassessment business-to-residential tax shift, plus the increase in the tax levy, was more than offset by the rise in the homestead deduction and higher state PTRC payments. The elimination of PTRC for personal property was responsible for reducing the tax cuts received by industrial and

Property Type	No Restructuring (Estimated)	With Restructuring (Actual)	Difference
Agricultural	20.4%	-2.0%	-22.4%
Residential (All)	37.3%	1.1%	-36.3%
Homestead Only	38.7%	-11.9%	-50.6%
Commercial	1.6%	1.7%	0.1%
Industrial	-12.2%	-11.7%	0.5%
Utility	-36.4%	-26.4%	10.0%

utility property and increasing the taxes on commercial property. The percentage changes in the “With Restructuring” column of Table 3 correspond to the changes in the net levies in Figure 2.

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.

Clark 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	2,156,463,490	186,792,568	1,371,457,966	1,086,468,236	456,215,995	141,908,623	88,338
Real Deductions	284,973,341	16,644,885	221,460,514	221,460,514	12,481,915	34,386,027	0
Real Net Assessed Value	1,871,490,149	170,147,683	1,149,997,452	865,007,722	443,734,080	107,522,596	88,338
Personal Gross Assd. Value	737,027,144	6,707,600	7,817,030	0	242,991,893	338,145,584	141,365,037
Personal Deductions	37,327,960	0	28,210	0	14,009,758	23,267,221	22,771
Personal Net Assd. Value	699,699,184	6,707,600	7,788,820	0	228,982,135	314,878,363	141,342,266
Total Gross Assessed Value	2,893,490,634	193,500,168	1,379,274,996	1,086,468,236	699,207,887	480,054,208	141,453,375
Total Deductions	322,301,301	16,644,885	221,488,724	221,460,514	26,491,673	57,653,248	22,771
Total Net Assessed Value	2,571,189,333	176,855,283	1,157,786,272	865,007,722	672,716,215	422,400,960	141,430,604
Gross Levy	91,696,841	4,800,786	39,977,786	29,882,505	26,346,072	15,860,795	4,711,401
PTRC (Calculated)	14,153,383	716,000	6,225,064	4,645,320	4,017,313	2,469,952	725,054
State/County Homestead Cr. (Calculated)	3,088,742	206,006	2,882,737	2,882,737	0	0	0
Net Levy	74,454,716	3,878,781	30,869,986	22,354,448	22,328,759	13,390,843	3,986,347
Pay 2003							
Real Gross Assessed Value	4,063,061,628	366,526,734	2,701,495,858	2,059,167,016	805,433,308	189,315,658	290,070
Real Deductions	911,358,276	63,143,129	775,479,664	775,479,664	32,081,226	40,654,257	0
Real Net Assessed Value	3,151,703,352	303,383,605	1,926,016,194	1,283,687,352	773,352,082	148,661,401	290,070
Personal Gross Assd. Value	840,497,450	6,107,170	8,175,210	0	258,679,541	419,531,792	148,003,737
Personal Deductions	42,468,276	0	7,050	0	12,296,646	30,164,580	0
Personal Net Assd. Value	798,029,174	6,107,170	8,168,160	0	246,382,894	389,367,212	148,003,737
Total Gross Assessed Value	4,903,559,078	372,633,904	2,709,671,068	2,059,167,016	1,064,112,848	608,847,450	148,293,808
Total Deductions	953,826,552	63,143,129	775,486,714	775,479,664	44,377,872	70,818,837	0
Total Net Assessed Value	3,949,732,526	309,490,775	1,934,184,354	1,283,687,352	1,019,734,976	538,028,613	148,293,808
Gross Levy	101,083,171	5,747,254	47,343,155	31,253,360	29,860,918	14,569,783	3,562,062
PTRC (Calculated)	25,757,687	1,775,126	13,441,706	8,866,856	7,160,806	2,751,320	628,730
State/County Homestead Cr. (Calculated)	2,864,067	169,815	2,694,252	2,694,252	0	0	0
Net Levy	72,461,417	3,802,312	31,207,197	19,692,252	22,700,112	11,818,463	2,933,332

COMPARISONS

Net Levy Percent Change	-2.7%	-2.0%	1.1%	-11.9%	1.7%	-11.7%	-26.4%
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Contributions to Tax Bill Changes, 2002-2003

Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	88.4%	96.2%	97.0%	89.5%	76.5%	33.4%	228.4%
Gross Personal AV	14.0%	-9.0%	4.6%	0.0%	6.5%	24.1%	4.7%
Total Gross Assessed Value	69.5%	92.6%	96.5%	89.5%	52.2%	26.8%	4.8%
Net Assessed Value	53.6%	75.0%	67.1%	48.4%	51.6%	27.4%	4.9%
Gross Levy	10.2%	19.7%	18.4%	4.6%	13.3%	-8.1%	-24.4%
Net Levy	-2.7%	-2.0%	1.1%	-11.9%	1.7%	-11.7%	-26.4%

Actual State Credits, 2002 and 2003

	2002	2003	Change	Change%
PTRC (Abstract)	13,620,368	24,367,506	10,747,138	78.9%
State Homestead Cr. (Abstract)	2,881,089	2,922,888	41,799	1.5%
Total State Credits (Abstract)	16,501,457	27,290,394	10,788,937	65.4%

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Clark 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	3,878,781	3,802,312	-76,469	-2.0%	5.2%	5.2%	0.0%
Residential	30,869,986	31,207,197	337,211	1.1%	41.5%	43.0%	1.6%
Commercial	22,328,759	22,700,112	371,353	1.7%	30.0%	31.3%	1.3%
Industrial	13,390,843	11,818,463	-1,572,380	-11.7%	18.0%	16.3%	-1.7%
Utility	3,986,347	2,933,332	-1,053,015	-26.4%	5.4%	4.0%	-1.3%
Exempt	15,672	54,495	38,823	247.7%	0.0%	0.1%	0.1%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	74,470,388	72,515,911	-1,954,477	-2.6%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	3,725,010	3,715,625	-9,385	-0.3%	5.0%	5.1%	0.1%
Residential	30,649,443	31,068,062	418,619	1.4%	41.2%	42.8%	1.7%
Commercial	14,762,655	16,738,152	1,975,497	13.4%	19.8%	23.1%	3.3%
Industrial	3,300,970	2,891,887	-409,083	-12.4%	4.4%	4.0%	-0.4%
Utility	2,176	4,168	1,992	91.5%	0.0%	0.0%	0.0%
Exempt	15,672	54,495	38,823	247.7%	0.0%	0.1%	0.1%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	52,455,926	54,472,389	2,016,463	3.8%	70.4%	75.1%	4.7%
Agricultural Homesteads	2,266,361	2,023,453	-242,908	-10.7%	3.0%	2.8%	-0.3%
Residential Homesteads	22,354,448	19,692,252	-2,662,196	-11.9%	30.0%	27.2%	-2.9%
Total Homesteads	24,620,809	21,715,705	-2,905,104	-11.8%	33.1%	29.9%	-3.1%
Non-Homestead Residential	8,294,994	11,375,810	3,080,816	37.1%	11.1%	15.7%	4.5%
Apartments (Over 4 Units)	3,051,884	2,656,246	-395,638	-13.0%	4.1%	3.7%	-0.4%
<u>Personal Property Only</u>							
Agricultural	153,770	86,687	-67,083	-43.6%	0.2%	0.1%	-0.1%
Residential	220,544	139,135	-81,409	-36.9%	0.3%	0.2%	-0.1%
Commercial	7,566,104	5,961,960	-1,604,144	-21.2%	10.2%	8.2%	-1.9%
Industrial	10,089,873	8,926,577	-1,163,296	-11.5%	13.5%	12.3%	-1.2%
Utility	3,984,171	2,929,164	-1,055,007	-26.5%	5.4%	4.0%	-1.3%
Total	22,014,462	18,043,523	-3,970,939	-18.0%	29.6%	24.9%	-4.7%
Total Depreciables	15,265,765	11,816,748	-3,449,017	-22.6%	20.5%	16.3%	-4.2%
Total Inventory	6,528,154	6,087,639	-440,515	-6.7%	8.8%	8.4%	-0.4%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	1,458,650	1,692,173	233,523	16.0%	2.0%	2.3%	0.4%
Ag Personal	153,770	86,687	-67,083	-43.6%	0.2%	0.1%	-0.1%
Total Ag Business	1,612,420	1,778,860	166,440	10.3%	2.2%	2.5%	0.3%
Ag Homesteads	2,266,361	2,023,453	-242,908	-10.7%	3.0%	2.8%	-0.3%

* "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**
Clark 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	176,855,283	309,490,775	132,635,492	75.0%	6.9%	7.8%	1.0%
Residential	1,157,786,272	1,934,184,354	776,398,082	67.1%	45.0%	48.9%	3.9%
Commercial	672,716,215	1,019,734,976	347,018,761	51.6%	26.2%	25.8%	-0.4%
Industrial	422,400,960	538,028,613	115,627,653	27.4%	16.4%	13.6%	-2.8%
Utility	141,430,604	148,293,808	6,863,204	4.9%	5.5%	3.8%	-1.7%
Exempt	528,300	2,603,660	2,075,360	392.8%	0.0%	0.1%	0.0%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	2,571,717,634	3,952,336,186	1,380,618,552	53.7%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	170,147,683	303,383,605	133,235,922	78.3%	6.6%	7.7%	1.1%
Residential	1,149,997,452	1,926,016,194	776,018,742	67.5%	44.7%	48.7%	4.0%
Commercial	443,734,080	773,352,082	329,618,002	74.3%	17.3%	19.6%	2.3%
Industrial	107,522,596	148,661,401	41,138,805	38.3%	4.2%	3.8%	-0.4%
Utility	88,338	290,070	201,732	228.4%	0.0%	0.0%	0.0%
Exempt	528,300	2,603,660	2,075,360	392.8%	0.0%	0.1%	0.0%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	1,872,018,449	3,154,307,012	1,282,288,563	68.5%	72.8%	79.8%	7.0%
Agricultural Homesteads	107,303,135	172,167,770	64,864,635	60.4%	4.2%	4.4%	0.2%
Residential Homesteads	865,007,722	1,283,687,352	418,679,630	48.4%	33.6%	32.5%	-1.2%
Total Homesteads	972,310,857	1,455,855,122	483,544,265	49.7%	37.8%	36.8%	-1.0%
Non-Homestead Residential	284,989,730	642,328,843	357,339,113	125.4%	11.1%	16.3%	5.2%
Apartments (Over 4 Units)	94,223,893	130,462,088	36,238,195	38.5%	3.7%	3.3%	-0.4%
<u>Personal Property Only</u>							
Agricultural	6,707,600	6,107,170	-600,430	-9.0%	0.3%	0.2%	-0.1%
Residential	7,788,820	8,168,160	379,340	4.9%	0.3%	0.2%	-0.1%
Commercial	228,982,135	246,382,894	17,400,759	7.6%	8.9%	6.2%	-2.7%
Industrial	314,878,363	389,367,212	74,488,849	23.7%	12.2%	9.9%	-2.4%
Utility	141,342,266	148,003,737	6,661,471	4.7%	5.5%	3.7%	-1.8%
Total	699,699,184	798,029,173	98,329,989	14.1%	27.2%	20.2%	-7.0%
Total Depreciables	492,865,666	537,027,437	44,161,771	9.0%	19.2%	13.6%	-5.6%
Total Inventory	199,044,698	252,833,576	53,788,878	27.0%	7.7%	6.4%	-1.3%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	62,844,548	131,215,834	68,371,286	108.8%	2.4%	3.3%	0.9%
Ag Personal	6,707,600	6,107,170	-600,430	-9.0%	0.3%	0.2%	-0.1%
Total Ag Business	69,552,148	137,323,004	67,770,856	97.4%	2.7%	3.5%	0.8%
Ag Homesteads	107,303,135	172,167,770	64,864,635	60.4%	4.2%	4.4%	0.2%

* "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.

**Clark County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2001 to 2003	Change in Net AV 2001 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	119%	86%	14%	5%
Comparable Residential Real Prop.	98%	60%	-1%	-9%
Comparable Homesteads	96%	53%	-7%	-14%

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%	542	1.9%	99	0.5%	485	1.7%	83	0.4%
200% to 300%	440	1.6%	70	0.4%	330	1.2%	62	0.3%
100% to 200%	1,477	5.3%	273	1.4%	1,186	4.2%	207	1.0%
50% to 100%	3,276	11.7%	674	3.4%	3,158	11.2%	465	2.4%
25% to 50%	1,861	6.6%	1,268	6.4%	1,434	5.1%	830	4.2%
10% to 25%	2,117	7.5%	1,907	9.6%	1,705	6.1%	1,322	6.7%
5% to 10%	1,037	3.7%	994	5.0%	739	2.6%	676	3.4%
0 to 5%	2,795	9.9%	1,267	6.4%	2,558	9.1%	1,050	5.3%
0 to -5%	1,500	5.3%	1,480	7.5%	1,212	4.3%	1,142	5.8%
-5% to -10%	1,726	6.1%	1,676	8.5%	1,464	5.2%	1,429	7.2%
-10% to -25%	5,723	20.4%	5,648	28.6%	5,926	21.1%	5,828	29.5%
-25% to -50%	5,124	18.2%	4,155	21.0%	7,057	25.1%	6,198	31.3%
Below -50%	495	1.8%	265	1.3%	859	3.1%	484	2.4%
	28,113	100.0%	19,776	100.0%	28,113	100.0%	19,776	100.0%
Parcels With Increases	13,545	48.2%	6,552	33.1%	11,595	41.2%	4,695	23.7%
Parcels With Reductions	14,568	51.8%	13,224	66.9%	16,518	58.8%	15,081	76.3%
Average \$ Change		-\$8		-\$70		-\$64		-\$139
Average % Change		-1.1%		-7.2%		-8.8%		-14.5%

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

Data Source: 2001 and 2003 County Parcel Tax Data - County Auditor and County Assessor

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