

Property Tax Payments, 2002-2003 - LaPorte County -

Indiana Legislative Services Agency

June 2005

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.

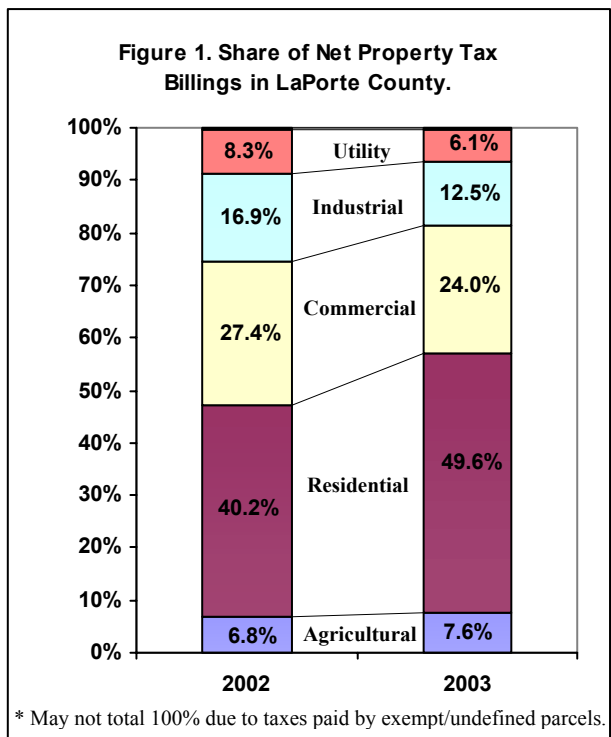
State Tax Credits Increased in LaPorte County from \$22.0 Million in 2002 to \$35.3 Million in 2003.

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 LaPorte County, state tax credits

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	105.9%	93.1%	4.4%
Residential (All)	137.4%	109.4%	16.8%
Homestead Only	137.3%	96.5%	6.8%
Commercial	21.6%	34.6%	-17.1%
Industrial	9.0%	8.4%	-29.8%
Utility	4.7%	4.7%	-29.9%
Avg. All Classes	77.1%	66.4%	-5.2%

increased from \$22.0 million to \$35.3 million, an increase of \$13.3 million. This paper provides a brief summary of how these factors changed property tax liabilities in LaPorte County.

Tax Shifts. LaPorte 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 more than 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 LaPorte 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 LaPorte County, substantially more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, about half of homestead owners saw increases and half saw decreases.

	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead -NO Levy Change -
Increased	60.6%	50.1%	54.8%	42.7%
Decreased	39.4%	49.9%	45.2%	57.3%
Increased 100% or More	8.0%	3.9%	7.2%	3.5%
Decreased 25% or More	16.1%	14.7%	19.6%	19.9%
Average Change (\$)	\$144	-\$4	\$105	-\$51
Average Change (%)	19.9%	-0.4%	14.5%	-5.2%

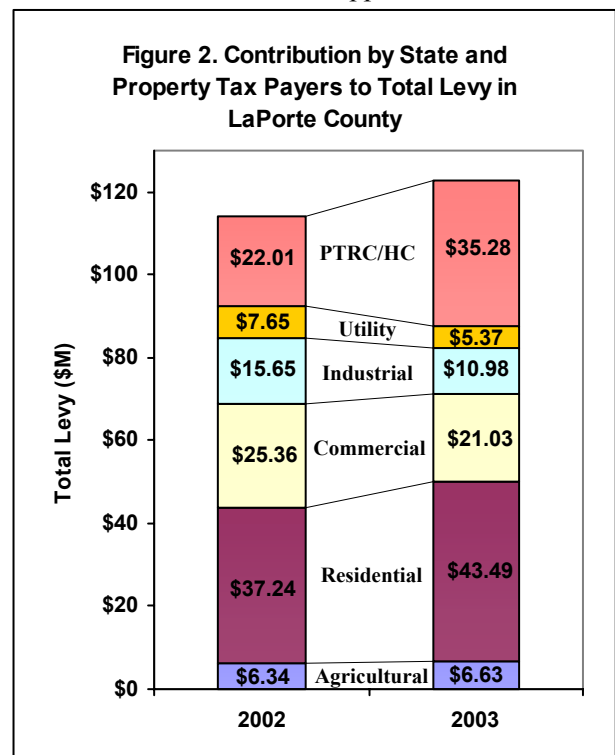
* Percentages represent the percentage of parcels affected.

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, 55% of all residential property owners would have seen tax increases and 45% would have seen tax decreases. For homesteads, about 43% would have seen increase and 57% would have seen decreases. Apart from levy increases, reassessment and restructuring reduced the taxes of more homeowners than they increased.

Agriculture. Taxes on agricultural property in LaPorte County rose. Overall, agricultural business taxes rose more than agricultural homestead taxes. The net assessed value on non-homestead agricultural real property 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 LaPorte County because business 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 LaPorte 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 LaPorte County by PTRC and state homestead credit payments increased by approximately 60%, from \$22.0 million to \$35.3 million.

Table 3 shows estimates of how LaPorte 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. LaPorte 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 for personal property was responsible for reducing the tax cuts received by industrial, commercial, and utility 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	20.9%	4.4%	-16.5%
Residential (All)	54.1%	16.8%	-37.3%
Homestead Only	65.8%	6.8%	-59.0%
Commercial	-18.0%	-17.1%	0.9%
Industrial	-30.8%	-29.8%	0.9%
Utility	-41.0%	-29.9%	11.1%

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.

LaPorte 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	2,492,874,340	251,440,942	1,507,506,987	1,108,483,677	526,019,218	188,845,215	19,029,527
Real Deductions	340,014,343	15,555,060	216,666,516	216,666,516	94,444,264	13,243,505	104,975
Real Net Assessed Value	2,152,859,997	235,885,882	1,290,840,471	891,817,161	431,574,954	175,601,710	18,924,552
Personal Gross Assd. Value	900,471,584	22,402,160	10,610,920	0	322,188,791	333,360,103	211,909,610
Personal Deductions	110,239,929	0	0	0	57,174,948	53,052,105	12,876
Personal Net Assd. Value	790,231,655	22,402,160	10,610,920	0	265,013,843	280,307,998	211,896,734
Total Gross Assessed Value	3,393,345,924	273,843,102	1,518,117,907	1,108,483,677	848,208,008	522,205,318	230,939,137
Total Deductions	450,254,272	15,555,060	216,666,516	216,666,516	151,619,212	66,295,610	117,851
Total Net Assessed Value	2,943,091,652	258,288,042	1,301,451,391	891,817,161	696,588,797	455,909,708	230,821,286
Gross Levy	114,539,166	7,794,529	48,223,978	32,380,029	30,538,425	18,789,371	9,191,855
PTRC (Calculated)	18,947,719	1,221,446	7,872,660	5,269,086	5,174,222	3,141,076	1,538,147
State/County Homestead Cr. (Calculated)	3,336,197	228,640	3,107,557	3,107,557	0	0	0
Net Levy	92,255,250	6,344,442	37,243,761	24,003,386	25,364,204	15,648,295	7,653,707
Pay 2003							
Real Gross Assessed Value	5,084,786,388	540,137,565	3,592,694,018	2,630,411,814	691,116,038	238,364,651	22,474,117
Real Deductions	963,105,047	64,857,595	878,245,398	878,245,398	9,820,116	10,153,464	28,474
Real Net Assessed Value	4,121,681,341	475,279,970	2,714,448,620	1,752,166,416	681,295,922	228,211,187	22,445,643
Personal Gross Assd. Value	924,598,480	23,593,740	10,956,060	0	340,014,473	330,726,417	219,307,790
Personal Deductions	148,723,574	0	0	0	83,790,289	64,933,285	0
Personal Net Assd. Value	775,874,906	23,593,740	10,956,060	0	256,224,183	265,793,132	219,307,790
Total Gross Assessed Value	6,009,384,868	563,731,305	3,603,650,078	2,630,411,814	1,031,130,510	569,091,068	241,781,907
Total Deductions	1,111,828,621	64,857,595	878,245,398	878,245,398	93,610,405	75,086,749	28,474
Total Net Assessed Value	4,897,556,247	498,873,710	2,725,404,680	1,752,166,416	937,520,105	494,004,319	241,753,433
Gross Levy	123,595,584	9,762,613	66,422,747	41,588,596	27,323,679	13,696,368	6,390,178
PTRC (Calculated)	31,781,870	2,875,816	18,866,300	11,887,929	6,297,132	2,718,915	1,023,707
State/County Homestead Cr. (Calculated)	4,328,012	261,494	4,066,518	4,066,518	0	0	0
Net Levy	87,485,702	6,625,302	43,489,930	25,634,150	21,026,547	10,977,453	5,366,471
COMPARISONS							
Net Levy Percent Change	-5.2%	4.4%	16.8%	6.8%	-17.1%	-29.8%	-29.9%
Contributions to Tax Bill Changes, 2002-2003							
Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	104.0%	114.8%	138.3%	137.3%	31.4%	26.2%	18.1%
Gross Personal AV	2.7%	5.3%	3.3%	0.0%	5.5%	-0.8%	3.5%
Total Gross Assessed Value	77.1%	105.9%	137.4%	137.3%	21.6%	9.0%	4.7%
Net Assessed Value	66.4%	93.1%	109.4%	96.5%	34.6%	8.4%	4.7%
Gross Levy	7.9%	25.2%	37.7%	28.4%	-10.5%	-27.1%	-30.5%
Net Levy	-5.2%	4.4%	16.8%	6.8%	-17.1%	-29.8%	-29.9%
Actual State Credits, 2002 and 2003							
	2002	2003	Change	Change%			
PTRC (Abstract)	18,675,702	30,923,468	12,247,766	65.6%			
State Homestead Cr. (Abstract)	3,329,802	4,358,327	1,028,525	30.9%			
Total State Credits (Abstract)	22,005,504	35,281,795	13,276,291	60.3%			

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
LaPorte 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	6,344,442	6,625,302	280,860	4.4%	6.8%	7.6%	0.7%
Residential	37,243,761	43,489,930	6,246,169	16.8%	40.2%	49.6%	9.4%
Commercial	25,364,204	21,026,547	-4,337,657	-17.1%	27.4%	24.0%	-3.4%
Industrial	15,648,295	10,977,453	-4,670,842	-29.8%	16.9%	12.5%	-4.4%
Utility	7,653,707	5,366,471	-2,287,236	-29.9%	8.3%	6.1%	-2.1%
Exempt	391,987	138,560	-253,427	-64.7%	0.4%	0.2%	-0.3%
Undefined	841	0	-841	-100.0%	0.0%	0.0%	0.0%
Total	92,647,237	87,624,263	-5,022,974	-5.4%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	5,768,740	6,248,586	479,846	8.3%	6.2%	7.1%	0.9%
Residential	36,944,367	43,320,729	6,376,362	17.3%	39.9%	49.4%	9.6%
Commercial	15,810,216	14,587,154	-1,223,062	-7.7%	17.1%	16.6%	-0.4%
Industrial	6,172,051	4,722,505	-1,449,546	-23.5%	6.7%	5.4%	-1.3%
Utility	782,492	570,840	-211,652	-27.0%	0.8%	0.7%	-0.2%
Exempt	391,987	138,560	-253,427	-64.7%	0.4%	0.2%	-0.3%
Undefined	841	0	-841	-100.0%	0.0%	0.0%	0.0%
Total	65,870,694	69,588,374	3,717,680	5.6%	71.1%	79.4%	8.3%
Agricultural Homesteads	2,523,125	2,600,047	76,922	3.0%	2.7%	3.0%	0.2%
Residential Homesteads	24,003,386	25,634,150	1,630,764	6.8%	25.9%	29.3%	3.3%
Total Homesteads	26,526,511	28,234,197	1,707,686	6.4%	28.6%	32.2%	3.6%
Non-Homestead Residential	12,940,981	17,686,580	4,745,599	36.7%	14.0%	20.2%	6.2%
Apartments (Over 4 Units)	1,892,258	2,067,419	175,161	9.3%	2.0%	2.4%	0.3%
<u>Personal Property Only</u>							
Agricultural	575,703	376,715	-198,988	-34.6%	0.6%	0.4%	-0.2%
Residential	299,394	169,201	-130,193	-43.5%	0.3%	0.2%	-0.1%
Commercial	9,553,988	6,439,392	-3,114,596	-32.6%	10.3%	7.3%	-3.0%
Industrial	9,476,244	6,254,948	-3,221,296	-34.0%	10.2%	7.1%	-3.1%
Utility	6,871,216	4,795,631	-2,075,585	-30.2%	7.4%	5.5%	-1.9%
Total	26,776,545	18,035,887	-8,740,658	-32.6%	28.9%	20.6%	-8.3%
Total Depreciables	19,689,564	13,353,586	-6,335,978	-32.2%	21.3%	15.2%	-6.0%
Total Inventory	6,787,587	4,513,101	-2,274,486	-33.5%	7.3%	5.2%	-2.2%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	3,245,614	3,648,540	402,926	12.4%	3.5%	4.2%	0.7%
Ag Personal	575,703	376,715	-198,988	-34.6%	0.6%	0.4%	-0.2%
Total Ag Business	3,821,317	4,025,255	203,938	5.3%	4.1%	4.6%	0.5%
Ag Homesteads	2,523,125	2,600,047	76,922	3.0%	2.7%	3.0%	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**
LaPorte 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	258,288,042	498,873,710	240,585,668	93.1%	8.7%	10.2%	1.4%
Residential	1,301,451,391	2,725,404,680	1,423,953,289	109.4%	44.1%	55.6%	11.5%
Commercial	696,588,797	937,520,105	240,931,308	34.6%	23.6%	19.1%	-4.5%
Industrial	455,909,708	494,004,319	38,094,611	8.4%	15.4%	10.1%	-5.4%
Utility	230,821,286	241,753,433	10,932,147	4.7%	7.8%	4.9%	-2.9%
Exempt	10,651,290	6,841,800	-3,809,490	-35.8%	0.4%	0.1%	-0.2%
Undefined	32,428	0	-32,428	-100.0%	0.0%	0.0%	0.0%
Total	2,953,742,942	4,904,398,047	1,950,655,105	66.0%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	235,885,882	475,279,970	239,394,088	101.5%	8.0%	9.7%	1.7%
Residential	1,290,840,471	2,714,448,620	1,423,608,149	110.3%	43.7%	55.3%	11.6%
Commercial	431,574,954	681,295,922	249,720,968	57.9%	14.6%	13.9%	-0.7%
Industrial	175,601,710	228,211,187	52,609,477	30.0%	5.9%	4.7%	-1.3%
Utility	18,924,552	22,445,643	3,521,091	18.6%	0.6%	0.5%	-0.2%
Exempt	10,651,290	6,841,800	-3,809,490	-35.8%	0.4%	0.1%	-0.2%
Undefined	32,428	0	-32,428	-100.0%	0.0%	0.0%	0.0%
Total	2,163,511,287	4,128,523,142	1,965,011,855	90.8%	73.2%	84.2%	10.9%
Agricultural Homesteads	108,468,773	208,815,605	100,346,832	92.5%	3.7%	4.3%	0.6%
Residential Homesteads	891,817,161	1,752,166,416	860,349,255	96.5%	30.2%	35.7%	5.5%
Total Homesteads	1,000,285,934	1,960,982,021	960,696,087	96.0%	33.9%	40.0%	6.1%
Non-Homestead Residential	399,023,310	962,282,204	563,258,894	141.2%	13.5%	19.6%	6.1%
Apartments (Over 4 Units)	49,511,943	90,633,159	41,121,216	83.1%	1.7%	1.8%	0.2%
<u>Personal Property Only</u>							
Agricultural	22,402,160	23,593,740	1,191,580	5.3%	0.8%	0.5%	-0.3%
Residential	10,610,920	10,956,060	345,140	3.3%	0.4%	0.2%	-0.1%
Commercial	265,013,843	256,224,183	-8,789,660	-3.3%	9.0%	5.2%	-3.7%
Industrial	280,307,998	265,793,132	-14,514,866	-5.2%	9.5%	5.4%	-4.1%
Utility	211,896,734	219,307,790	7,411,056	3.5%	7.2%	4.5%	-2.7%
Total	790,231,655	775,874,905	-14,356,750	-1.8%	26.8%	15.8%	-10.9%
Total Depreciables	579,440,714	577,601,261	-1,839,453	-0.3%	19.6%	11.8%	-7.8%
Total Inventory	200,180,020	187,317,584	-12,862,436	-6.4%	6.8%	3.8%	-3.0%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	127,417,109	266,464,365	139,047,256	109.1%	4.3%	5.4%	1.1%
Ag Personal	22,402,160	23,593,740	1,191,580	5.3%	0.8%	0.5%	-0.3%
Total Ag Business	149,819,269	290,058,105	140,238,836	93.6%	5.1%	5.9%	0.8%
Ag Homesteads	108,468,773	208,815,605	100,346,832	92.5%	3.7%	4.3%	0.6%

* "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.

**Laporte 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	145%	115%	25%	19%
Comparable Residential Real Prop.	138%	105%	20%	15%
Comparable Homesteads	131%	85%	0%	-5%

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%	625	1.3%	177	0.7%	583	1.2%	166	0.7%
200% to 300%	635	1.3%	147	0.6%	539	1.1%	126	0.5%
100% to 200%	2,547	5.4%	661	2.6%	2,331	4.9%	576	2.3%
50% to 100%	6,485	13.7%	1,605	6.4%	5,142	10.9%	1,345	5.4%
25% to 50%	6,868	14.6%	2,884	11.5%	6,400	13.6%	2,308	9.2%
10% to 25%	5,954	12.6%	3,669	14.7%	5,520	11.7%	3,045	12.2%
5% to 10%	2,216	4.7%	1,508	6.0%	2,113	4.5%	1,347	5.4%
0 to 5%	3,257	6.9%	1,881	7.5%	3,250	6.9%	1,774	7.1%
0 to -5%	2,328	4.9%	1,826	7.3%	2,326	4.9%	1,677	6.7%
-5% to -10%	2,282	4.8%	1,873	7.5%	2,450	5.2%	1,850	7.4%
-10% to -25%	6,405	13.6%	5,109	20.4%	7,309	15.5%	5,816	23.3%
-25% to -50%	5,665	12.0%	3,095	12.4%	6,552	13.9%	4,265	17.1%
Below -50%	1,915	4.1%	566	2.3%	2,667	5.7%	706	2.8%
	47,182	100.0%	25,001	100.0%	47,182	100.0%	25,001	100.0%
Parcels With Increases	28,587	60.6%	12,532	50.1%	25,878	54.8%	10,687	42.7%
Parcels With Reductions	18,595	39.4%	12,469	49.9%	21,304	45.2%	14,314	57.3%
Average \$ Change		\$144		-\$4		\$105		-\$51
Average % Change		19.9%		-0.4%		14.5%		-5.2%

"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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