

Property Tax Payments, 2002-2003 - White 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.

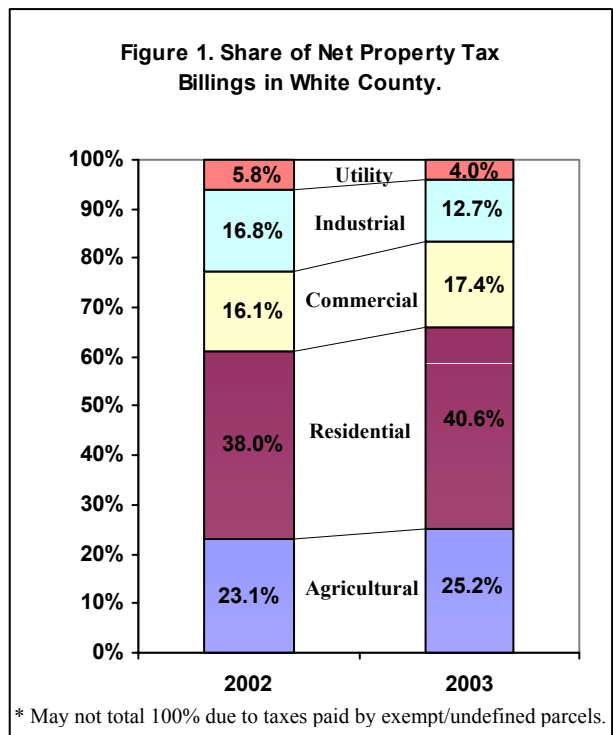
State Tax Credits Increased in White County from \$4.4 Million in 2002 to \$8.9 Million in 2003.

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 White County, state tax credits increased

Table 1. Changes in AV and Tax Bills by Property Class for White County, 2002-2003.			
Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	81.4%	77.6%	-0.6%
Residential (All)	99.7%	76.4%	-2.8%
Homestead Only	104.4%	63.3%	-9.6%
Commercial	66.1%	63.9%	-1.6%
Industrial	14.2%	13.3%	-31.0%
Utility	2.3%	2.3%	-36.4%
Avg. All Classes	73.0%	61.1%	-8.8%

from \$4.4 million to \$8.9 million, an increase of \$4.5 million. This paper provides a brief summary of how these factors changed property tax liabilities in White County.

Tax Shifts. Tax bills for all classes of property fell in White County in 2003 (see Table 1). Gross real plus personal assessed values (AV) increased more for agricultural, residential and commercial property than for industrial and utility property. The higher homestead deduction meant that residential net AV rose less than residential gross AV. Only the homestead portion of agricultural property is eligible for this deduction, and commercial property is not eligible for this deduction. As a result, agricultural, residential and commercial net AV's increased by similar amounts, and all received small tax reductions. Industrial and utility assessments rose much less, and these properties received the largest tax reductions. [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] 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 White County saw their tax bills decrease by a greater amount than the average residential property decrease. 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. 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 White County, slightly more residential property owners (including both homeowners and rental property owners) saw tax bill decreases than increases in 2003. Separately, many more homestead owners also saw decreases rather than increases.

	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead - NO Levy Change -
Increased	48.5%	27.9%	42.1%	19.9%
Decreased	51.5%	72.1%	57.9%	80.1%
Increased 100% or More	9.6%	3.1%	8.2%	2.4%
Decreased 25% or More	25.4%	35.1%	32.5%	47.7%
Average Change (\$)	-\$8	-\$131	-\$54	-\$187
Average Change (%)	-1.4%	-16.6%	-9.0%	-23.8%

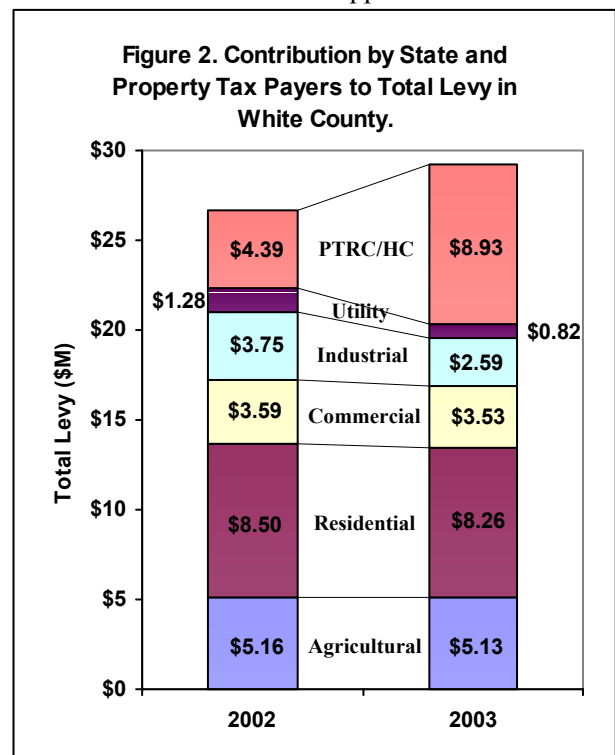
* Percentages represent the percentage of parcels affected.

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, 58% of all residential property owners would have seen tax decreases, and 42% would have seen tax increases. For homesteads, 80% would have seen tax decreases. With or without levy increases, reassessment and restructuring reduced the taxes of many more homeowners than they increased.

Agriculture. Taxes on agricultural property in White County fell slightly. Overall, agricultural business taxes rose slightly while agricultural homestead taxes fell. The net assessed value on non-homestead agricultural real property almost 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 industrial and utility property decreased significantly in White County because assessed values rose much less than commercial, 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 White County reduced tax rates, and this cut tax bills more 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 White County by PTRC and state homestead credit payments increased by approximately 104%, from \$4.4 million to \$8.9 million.

Table 3 shows estimates of how White 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 eliminated these tax increases. White County residential property taxes 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 larger PTRC payments are also responsible for reducing the taxes paid on commercial and industrial 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	17.7%	-0.6%	-18.4%
Residential (All)	33.9%	-2.8%	-36.7%
Homestead Only	51.1%	-9.6%	-60.7%
Commercial	7.8%	-1.6%	-9.4%
Industrial	-25.1%	-31.0%	-6.0%
Utility	-36.6%	-36.4%	0.2%

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.

White 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	810,725,743	222,348,413	447,643,900	272,904,788	80,038,488	54,741,482	5,813,594
Real Deductions	58,487,973	5,608,251	52,430,211	52,430,211	425,243	9,952	3,327
Real Net Assessed Value	752,237,770	216,740,162	395,213,689	220,474,577	79,613,245	54,731,530	5,810,267
Personal Gross Assd. Value	258,360,744	32,651,720	4,315,020	0	70,505,279	98,895,894	51,992,830
Personal Deductions	1,765,370	0	6,700	0	660,730	1,097,940	0
Personal Net Assd. Value	256,595,374	32,651,720	4,308,320	0	69,844,549	97,797,954	51,992,830
Total Gross Assessed Value	1,069,086,487	255,000,133	451,958,920	272,904,788	150,543,767	153,637,377	57,806,424
Total Deductions	60,253,343	5,608,251	52,436,911	52,430,211	1,085,973	1,107,892	3,327
Total Net Assessed Value	1,008,833,144	249,391,882	399,522,009	220,474,577	149,457,794	152,529,485	57,803,097
Gross Levy	26,666,451	6,033,889	10,528,048	5,863,848	4,216,275	4,388,675	1,495,943
PTRC (Calculated)	3,776,999	822,028	1,478,001	836,729	626,619	638,769	211,037
State/County Homestead Cr. (Calculated)	599,417	47,360	552,057	552,057	0	0	0
Net Levy	22,290,035	5,164,501	8,497,989	4,475,061	3,589,657	3,749,906	1,284,906
Pay 2003							
Real Gross Assessed Value	1,583,402,930	425,234,382	897,000,436	557,885,291	171,090,074	78,666,685	11,127,190
Real Deductions	223,026,904	19,646,976	197,947,996	197,947,996	3,598,113	1,830,790	3,029
Real Net Assessed Value	1,360,376,026	405,587,406	699,052,440	359,937,295	167,491,961	76,835,895	11,124,161
Personal Gross Assd. Value	266,628,160	37,305,713	5,551,704	0	78,953,138	96,827,666	47,989,939
Personal Deductions	2,233,163	0	6,540	0	1,409,483	817,140	0
Personal Net Assd. Value	264,394,997	37,305,713	5,545,164	0	77,543,655	96,010,526	47,989,939
Total Gross Assessed Value	1,850,031,090	462,540,095	902,552,140	557,885,291	250,043,212	175,494,352	59,117,129
Total Deductions	225,260,067	19,646,976	197,954,536	197,947,996	5,007,596	2,647,930	3,029
Total Net Assessed Value	1,624,771,023	442,893,119	704,597,604	359,937,295	245,035,616	172,846,422	59,114,100
Gross Levy	29,342,617	7,533,218	12,575,731	6,513,248	4,795,027	3,368,725	1,064,660
PTRC (Calculated)	8,477,930	2,363,275	3,818,246	1,971,159	1,264,266	782,617	247,733
State/County Homestead Cr. (Calculated)	536,780	37,964	498,816	498,816	0	0	0
Net Levy	20,327,906	5,131,980	8,258,669	4,043,273	3,530,761	2,586,108	816,927

COMPARISONS

Net Levy Percent Change	-8.8%	-0.6%	-2.8%	-9.6%	-1.6%	-31.0%	-36.4%
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Contributions to Tax Bill Changes, 2002-2003

Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	95.3%	91.2%	100.4%	104.4%	113.8%	43.7%	91.4%
Gross Personal AV	3.2%	14.3%	28.7%	0.0%	12.0%	-2.1%	-7.7%
Total Gross Assessed Value	73.0%	81.4%	99.7%	104.4%	66.1%	14.2%	2.3%
Net Assessed Value	61.1%	77.6%	76.4%	63.3%	63.9%	13.3%	2.3%
Gross Levy	10.0%	24.8%	19.4%	11.1%	13.7%	-23.2%	-28.8%
Net Levy	-8.8%	-0.6%	-2.8%	-9.6%	-1.6%	-31.0%	-36.4%

Actual State Credits, 2002 and 2003

	2002	2003	Change	Change%
PTRC (Abstract)	3,742,555	8,380,072	4,637,517	123.9%
State Homestead Cr. (Abstract)	644,084	549,270	-94,813	-14.7%
Total State Credits (Abstract)	4,386,639	8,929,342	4,542,703	103.6%

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
White 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	5,164,501	5,131,980	-32,521	-0.6%	23.1%	25.2%	2.1%
Residential	8,497,989	8,258,669	-239,320	-2.8%	38.0%	40.6%	2.5%
Commercial	3,589,657	3,530,761	-58,896	-1.6%	16.1%	17.4%	1.3%
Industrial	3,749,906	2,586,108	-1,163,798	-31.0%	16.8%	12.7%	-4.1%
Utility	1,284,906	816,927	-467,979	-36.4%	5.8%	4.0%	-1.7%
Exempt	46,976	17,849	-29,127	-62.0%	0.2%	0.1%	-0.1%
Undefined	3,076	3,462	386	12.5%	0.0%	0.0%	0.0%
Total	22,337,011	20,345,756	-1,991,255	-8.9%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	4,470,432	4,638,754	168,322	3.8%	20.0%	22.8%	2.8%
Residential	8,404,753	8,193,371	-211,382	-2.5%	37.6%	40.3%	2.6%
Commercial	1,977,018	2,352,207	375,189	19.0%	8.9%	11.6%	2.7%
Industrial	1,315,634	1,026,198	-289,436	-22.0%	5.9%	5.0%	-0.8%
Utility	127,560	131,741	4,181	3.3%	0.6%	0.6%	0.1%
Exempt	46,976	17,849	-29,127	-62.0%	0.2%	0.1%	-0.1%
Undefined	3,076	3,462	386	12.5%	0.0%	0.0%	0.0%
Total	16,345,449	16,363,582	18,133	0.1%	73.2%	80.4%	7.3%
Agricultural Homesteads	856,249	795,461	-60,788	-7.1%	3.8%	3.9%	0.1%
Residential Homesteads	4,475,061	4,043,273	-431,788	-9.6%	20.0%	19.9%	-0.2%
Total Homesteads	5,331,310	4,838,734	-492,576	-9.2%	23.9%	23.8%	-0.1%
Non-Homestead Residential	3,929,692	4,150,098	220,406	5.6%	17.6%	20.4%	2.8%
Apartments (Over 4 Units)	237,809	276,048	38,239	16.1%	1.1%	1.4%	0.3%
<u>Personal Property Only</u>							
Agricultural	694,069	493,225	-200,844	-28.9%	3.1%	2.4%	-0.7%
Residential	93,236	65,298	-27,938	-30.0%	0.4%	0.3%	-0.1%
Commercial	1,612,638	1,178,554	-434,084	-26.9%	7.2%	5.8%	-1.4%
Industrial	2,434,272	1,559,910	-874,362	-35.9%	10.9%	7.7%	-3.2%
Utility	1,157,346	685,187	-472,159	-40.8%	5.2%	3.4%	-1.8%
Total	5,991,561	3,982,174	-2,009,387	-33.5%	26.8%	19.6%	-7.3%
Total Depreciables	3,931,167	2,719,807	-1,211,360	-30.8%	17.6%	13.4%	-4.2%
Total Inventory	1,967,159	1,197,069	-770,090	-39.1%	8.8%	5.9%	-2.9%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	3,614,183	3,843,294	229,111	6.3%	16.2%	18.9%	2.7%
Ag Personal	694,069	493,225	-200,844	-28.9%	3.1%	2.4%	-0.7%
Total Ag Business	4,308,252	4,336,519	28,267	0.7%	19.3%	21.3%	2.0%
Ag Homesteads	856,249	795,461	-60,788	-7.1%	3.8%	3.9%	0.1%

* "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**
White 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	249,391,882	442,893,119	193,501,237	77.6%	24.7%	27.2%	2.6%
Residential	399,522,009	704,597,604	305,075,595	76.4%	39.5%	43.3%	3.8%
Commercial	149,457,794	245,035,616	95,577,822	63.9%	14.8%	15.1%	0.3%
Industrial	152,529,485	172,846,422	20,316,937	13.3%	15.1%	10.6%	-4.5%
Utility	57,803,097	59,114,100	1,311,003	2.3%	5.7%	3.6%	-2.1%
Exempt	1,942,551	1,319,292	-623,259	-32.1%	0.2%	0.1%	-0.1%
Undefined	128,878	284,163	155,285	120.5%	0.0%	0.0%	0.0%
Total	1,010,775,696	1,626,090,316	615,314,620	60.9%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	216,740,162	405,587,406	188,847,244	87.1%	21.4%	24.9%	3.5%
Residential	395,213,689	699,052,440	303,838,751	76.9%	39.1%	43.0%	3.9%
Commercial	79,613,245	167,491,961	87,878,716	110.4%	7.9%	10.3%	2.4%
Industrial	54,731,530	76,835,895	22,104,365	40.4%	5.4%	4.7%	-0.7%
Utility	5,810,267	11,124,161	5,313,894	91.5%	0.6%	0.7%	0.1%
Exempt	1,942,551	1,319,292	-623,259	-32.1%	0.2%	0.1%	-0.1%
Undefined	128,878	284,163	155,285	120.5%	0.0%	0.0%	0.0%
Total	754,180,322	1,361,695,318	607,514,996	80.6%	74.6%	83.7%	9.1%
Agricultural Homesteads	43,775,896	73,354,498	29,578,602	67.6%	4.3%	4.5%	0.2%
Residential Homesteads	220,474,577	359,937,295	139,462,718	63.3%	21.8%	22.1%	0.3%
Total Homesteads	264,250,473	433,291,793	169,041,320	64.0%	26.1%	26.6%	0.5%
Non-Homestead Residential	174,739,112	339,115,145	164,376,033	94.1%	17.3%	20.9%	3.6%
Apartments (Over 4 Units)	8,776,592	17,692,811	8,916,219	101.6%	0.9%	1.1%	0.2%
<u>Personal Property Only</u>							
Agricultural	32,651,720	37,305,713	4,653,993	14.3%	3.2%	2.3%	-0.9%
Residential	4,308,320	5,545,164	1,236,844	28.7%	0.4%	0.3%	-0.1%
Commercial	69,844,549	77,543,655	7,699,106	11.0%	6.9%	4.8%	-2.1%
Industrial	97,797,954	96,010,526	-1,787,428	-1.8%	9.7%	5.9%	-3.8%
Utility	51,992,830	47,989,939	-4,002,891	-7.7%	5.1%	3.0%	-2.2%
Total	256,595,373	264,394,997	7,799,624	3.0%	25.4%	16.3%	-9.1%
Total Depreciables	168,773,481	179,698,927	10,925,446	6.5%	16.7%	11.1%	-5.6%
Total Inventory	83,513,572	79,150,906	-4,362,666	-5.2%	8.3%	4.9%	-3.4%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	172,964,265	332,232,907	159,268,642	92.1%	17.1%	20.4%	3.3%
Ag Personal	32,651,720	37,305,713	4,653,993	14.3%	3.2%	2.3%	-0.9%
Total Ag Business	205,615,985	369,538,620	163,922,635	79.7%	20.3%	22.7%	2.4%
Ag Homesteads	43,775,896	73,354,498	29,578,602	67.6%	4.3%	4.5%	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.

**White 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	113%	87%	3%	-5%
Comparable Residential Real Prop.	104%	78%	-1%	-9%
Comparable Homesteads	98%	52%	-17%	-24%

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%	356	2.7%	48	0.8%	313	2.4%	40	0.7%
200% to 300%	198	1.5%	33	0.6%	185	1.4%	32	0.5%
100% to 200%	712	5.4%	97	1.7%	575	4.4%	72	1.2%
50% to 100%	1,226	9.3%	207	3.6%	967	7.4%	144	2.5%
25% to 50%	1,432	10.9%	336	5.8%	1,187	9.1%	242	4.2%
10% to 25%	1,251	9.5%	409	7.0%	1,133	8.6%	280	4.8%
5% to 10%	506	3.9%	226	3.9%	514	3.9%	157	2.7%
0 to 5%	679	5.2%	267	4.6%	653	5.0%	191	3.3%
0 to -5%	615	4.7%	316	5.4%	557	4.2%	240	4.1%
-5% to -10%	686	5.2%	389	6.7%	610	4.7%	284	4.9%
-10% to -25%	2,117	16.1%	1,451	24.9%	2,153	16.4%	1,361	23.4%
-25% to -50%	2,321	17.7%	1,425	24.5%	3,030	23.1%	2,023	34.8%
Below -50%	1,015	7.7%	615	10.6%	1,237	9.4%	753	12.9%
	13,114	100.0%	5,819	100.0%	13,114	100.0%	5,819	100.0%
Parcels With Increases	6,360	48.5%	1,623	27.9%	5,527	42.1%	1,158	19.9%
Parcels With Reductions	6,754	51.5%	4,196	72.1%	7,587	57.9%	4,661	80.1%
Average \$ Change		-\$8		-\$131		-\$54		-\$187
Average % Change		-1.4%		-16.6%		-9.0%		-23.8%

"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

Prepared by Legislative Services Agency, June 2005.