

DAILY JOURNAL

www.thejournalnet.com

SATURDAY-SUNDAY, MARCH 15-16, 2008

Johnson County, Indiana

\$1.00

A CLOSER LOOK

On Friday, legislators approved a property tax relief and restructuring plan. Here are some of the highlights. Sources: The Associated Press; Larry DeBoer, fiscal analyst and Purdue University professor; and State Sen. Luke Kenley, R-Noblesville

Sales tax

Increases sales tax from 6 percent to 7 percent starting April 1. Here are some examples of how that will translate for shoppers:

A \$20,000 vehicle would cost an additional \$200 in taxes, totaling \$21,400.

An additional \$12 in taxes would be tacked onto the \$1,200 cost for a new computer, totaling \$1,284.

Dinner and a movie for a couple costing \$70 would be taxed an extra 70 cents, totaling \$74.90.

Buying a new \$2,700 TV would cost an extra \$27 or a total of \$2,889.



Homestead credits

Provides \$620 million in additional homestead credits this year, \$140 million in new homestead credits in 2009 and \$80 million in 2010. Homeowner bills would be reduced by about 30 percent on average statewide this year over last year's bills, and 29 percent lower in 2010 over last year's bills.

This year's additional credit comes from the sales tax increase and comes in addition to \$250 million in property tax credits approved by legislators last year.

The homestead credit is a percentage taken off the taxes homeowners pay, which is shown in Johnson County tax bills under the title "taxes this installment."

For the owner of a \$226,800 home in Center Grove, a 30 percent reduction in the 2007 tax bill of \$2,683 would mean the 2008 bill would be \$1,878.

The owner of a \$127,800 home in Greenwood could see a drop in the tax bill from \$1,338 to \$936.

However, if new debt were to come on the tax rolls, such as with a new building or project, that could reduce the decrease in the homeowner's tax bill.

For example, work to renovate the old high school into Franklin Community Middle School will come on the tax rolls this year. If the payback for the building's \$33 million renovation called for an increase in taxes, that would cut into the average 30 percent decrease.

Property tax caps

Phases in caps in property tax bills. When fully implemented in 2010, most homeowners' tax bills would be limited to 1 percent of their homes' market value as determined by the county, with 2 percent limits on rental property and agricultural land and 3 percent on commercial property and agricultural buildings.

Existing debt, such as for local government and school building projects, will be included within the caps. For example, money taxpayers are paying for the new \$21.9 million Pleasant Crossing Elementary School would be included within the caps.

However, future projects that require money to be borrowed after July 1 would be outside of the caps, meaning a person's tax bill could reach higher than the cap of their market value depending on the projects being done in their area. For example, if approved, Center Grove Community School Corp.'s plan to replace North Grove and West Grove elementary schools, estimated to cost up to \$20 million, would be outside of the caps.

Local school operating costs

State assumes remaining local school operating costs, expenses for child welfare services and incarcerating juveniles in state facilities.

The change would take the school general fund completely off property taxes, constituting a drop of 32 percent to 49 percent in the overall tax rate among Johnson County's six school districts.

For taxpayers, that means the school portion of their tax bill would be reduced.

The state also would take on money paid for children and family welfare.

The state would pay for those costs through increased sales tax revenue, wagering tax revenue from casinos at horse tracks, and eliminating about \$2.1 billion in subsidies to local governments to keep property taxes lower.

Those subsidies that are paid to local governments are used as property tax relief for homeowners.

The state is getting rid of two credits, which take a varying percentage off tax bills, called the homestead credit and property tax replacement credit.

The credits are being replaced by an additional 35 percent homestead deduction, a reduction in the value a homeowner is taxed upon.

Currently, homeowners' market values are reduced by \$45,000 with the deduction, reducing the amount of value they are taxed upon. The 35 percent deduction would be in addition to that amount.

Making that change will simplify the tax process, making tax bills easier to read.

Referendums

Referendums required for building projects for elementary and middle schools that cost more than \$10 million. Same requirement for high school construction projects costing more than \$20 million.

Voters would have had the chance to vote for the new Franklin Community High School, which cost \$103 million, and the new Pleasant Crossing Elementary School, which cost \$21.9 million, projects that were already approved in Johnson County.

After July 1, voters would decide whether the projects of those amounts move forward. Projects that cost less could still be challenged through the currently used petition and remonstrance process.

For example, if plans to expand and renovate Center Grove High School exceed \$20 million, taxpayers could have the chance to vote on that project.

Referendums would be required for local government projects that cost more than \$12 million or 1 percent of the taxing unit's assessed value, if at least 5 percent of the unit's registered voters or 100 voters or property owners petition for the referendums.

Starting July 1, local projects could be subject to a public vote if they exceed certain amounts.

But some local projects would not fall into the category, such as the county's plans to build a \$1.35 million animal shelter or Greenwood's plans to borrow \$11.5 million for Freedom Park, which includes plans for an aquatic center.

New local taxes

Allows counties to adopt new local option income taxes.

Currently, Johnson County residents pay a 1 percent income tax.

The state already allowed counties to raise their income tax by up to 1.45 percent to relieve or reduce property taxes and to help pay for public safety. The catch was that counties had to approve income tax increases both to relieve and reduce property taxes before being able to approve the public safety increase.

In this plan, counties can choose either of the increases and then adopt the public safety increase.



Assessors

Duties of township assessors in townships with less than 15,000 parcels would be transferred to county assessor. That would eliminate 966 township assessors, leaving 92 county assessors and 44 township assessors.

Requires November referendums to be conducted in townships with more than 15,000 parcels on whether to transfer assessing duties to county assessor.

Effective July 1, township assessors would be eliminated in seven of Johnson County's nine townships: Clark, Needham, Franklin, Union, Hensley, Nineveh and Blue River.

Voters would decide whether township assessors should stay in the other two townships, White River and Pleasant.

Township trustees would keep their positions under the proposal.



Constitutional amendment

Separate legislation would begin process of amending the state constitution to include the caps. The amendment was passed by both the House and Senate on Friday. The amendment must pass a second vote within the next two legislative sessions and then pass a public vote before taking effect.