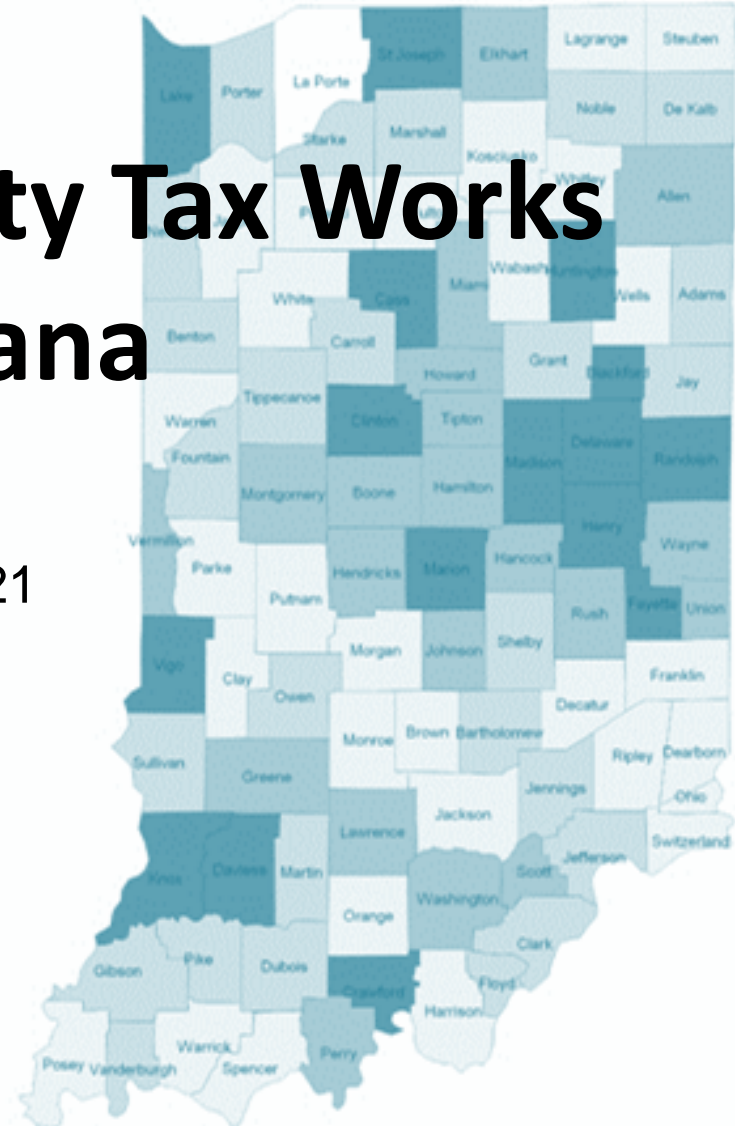


# How the Property Tax Works in Indiana

2020-2021



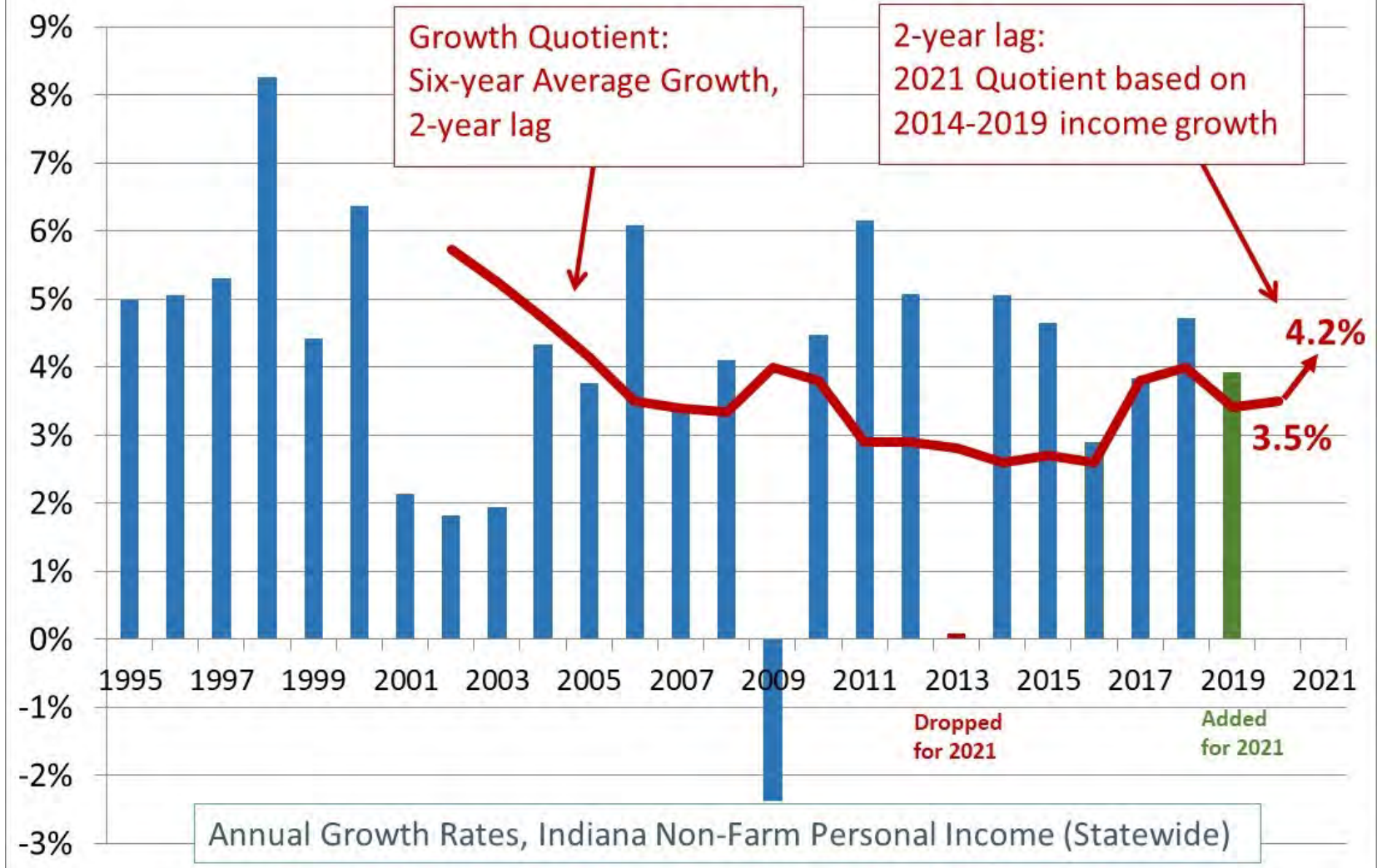
# Calculating Unit Tax Rates

**Appropriations – Miscellaneous Revenue**

**= Property Tax Levy**

**Subject to state  
Maximum Levy limits**

## Calculation of Property Tax Maximum Levy Growth Quotient 2002 - 2021

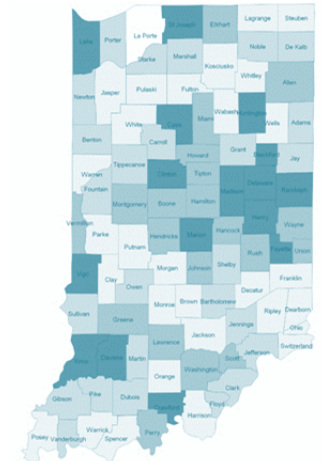


# Calculating Unit Tax Rates

$$\frac{\text{Levy}}{\text{Net Assessed Value}} = \text{Tax Rate}$$

9. STATEWIDE PERCENTILES FOR TAX AND BUDGET COMPARISONS, 2020

All Local Governments in a County, Per Person, 2020									
Percentile	Population	Total Appropriations	General	Debt	Cumulative/ Capital Projects	Other Operating	Property Tax Levy	Net Assessed Value	Average Property Tax Rate
10%	12,428	2,368	1,373	147	31	689	751	31,762	1.4675
25%	20,709	2,528	1,496	179	38	768	892	40,077	1.8205
50% (median)	34,330	2,890	1,677	227	58	898	1,059	47,362	2.1861
75%	69,337	3,143	1,846	302	83	980	1,236	56,523	2.6039
90%	168,819	3,426	1,955	367	105	1,133	1,372	75,092	3.1897



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# Discussion Time: Tables 2 and 9

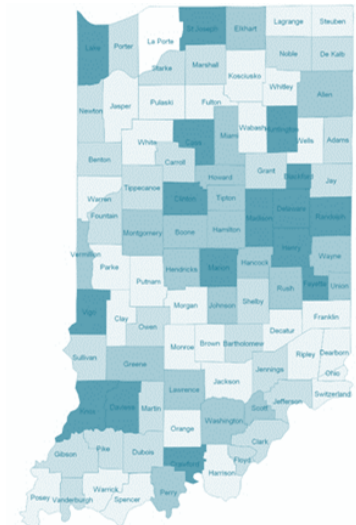
- How does your total appropriations per capita compare to your neighbors, to counties with similar populations, and to the statewide percentiles?
- What appropriation categories contribute to total appropriations?
- How do your total levy and net assessed value compare?
- Is your county average property tax rate high, low or typical?



County Governments, per Person, 2020									
Percentile	Population	Total Appropriations	General	Debt	Cumulative/ Capital Projects	Other Operating	Property Tax Levy	Net Assessed Value	Average Property Tax Rate
10%	12,428	377	248	0	13	66	166	31,762	0.3073
25%	20,709	458	288	0	23	105	196	40,077	0.3924
50% (median)	34,330	536	351	0	36	165	235	47,362	0.5057
75%	69,337	689	406	16	48	225	306	56,523	0.6693
90%	168,819	842	504	29	76	299	364	75,092	0.8247
City/Town Governments, per Person, 2020									
Percentile	Population	Total Appropriations	General	Debt	Cumulative/ Capital Projects	Other Operating	Property Tax Levy	Net Assessed Value	Average Property Tax Rate
10%	206	233	122	0	0	60	61	12,922	0.3021
25%	477	360	228	0	0	99	133	17,272	0.5717
50% (median)	1,157	538	350	0	8	157	251	25,153	0.9083
75%	3,773	863	539	0	25	265	430	39,016	1.3789
90%	15,625	1,176	779	38	59	412	658	59,582	1.9092
Library Districts, per Person, 2020									
Percentile	Population	Total Appropriations	General	Debt	Cumulative/ Capital Projects	Other Operating	Property Tax Levy	Net Assessed Value	Average Property Tax Rate
10%	1,519	39	35	0	0	0	23	26,549	0.0452
25%	3,050	56	49	0	0	0	37	34,086	0.0701
50% (median)	9,123	80	69	0	0	0	51	46,763	0.1094
75%	21,938	117	93	15	3	3	69	60,866	0.1709
90%	57,459	159	126	31	9	9	98	82,105	0.2119
School Corporations, per Pupil, 2019									
Percentile	Enrollment	Total Appropriations	General	Debt	Cumulative/ Capital Projects	Other Operating	Property Tax Levy	Net Assessed Value	Average Property Tax Rate
10%	822	9,814	5,624	801	0	2,390	2,264	193,690	0.7331
25%	1,116	10,386	5,988	1,074	0	2,798	2,650	244,616	0.8509
50% (median)	1,732	11,302	6,359	1,436	0	3,418	3,151	308,932	0.9999
75%	3,545	12,667	6,766	1,990	0	4,230	3,967	407,099	1.2098
90%	7,737	13,829	7,211	2,412	0	5,293	4,747	539,875	1.4900

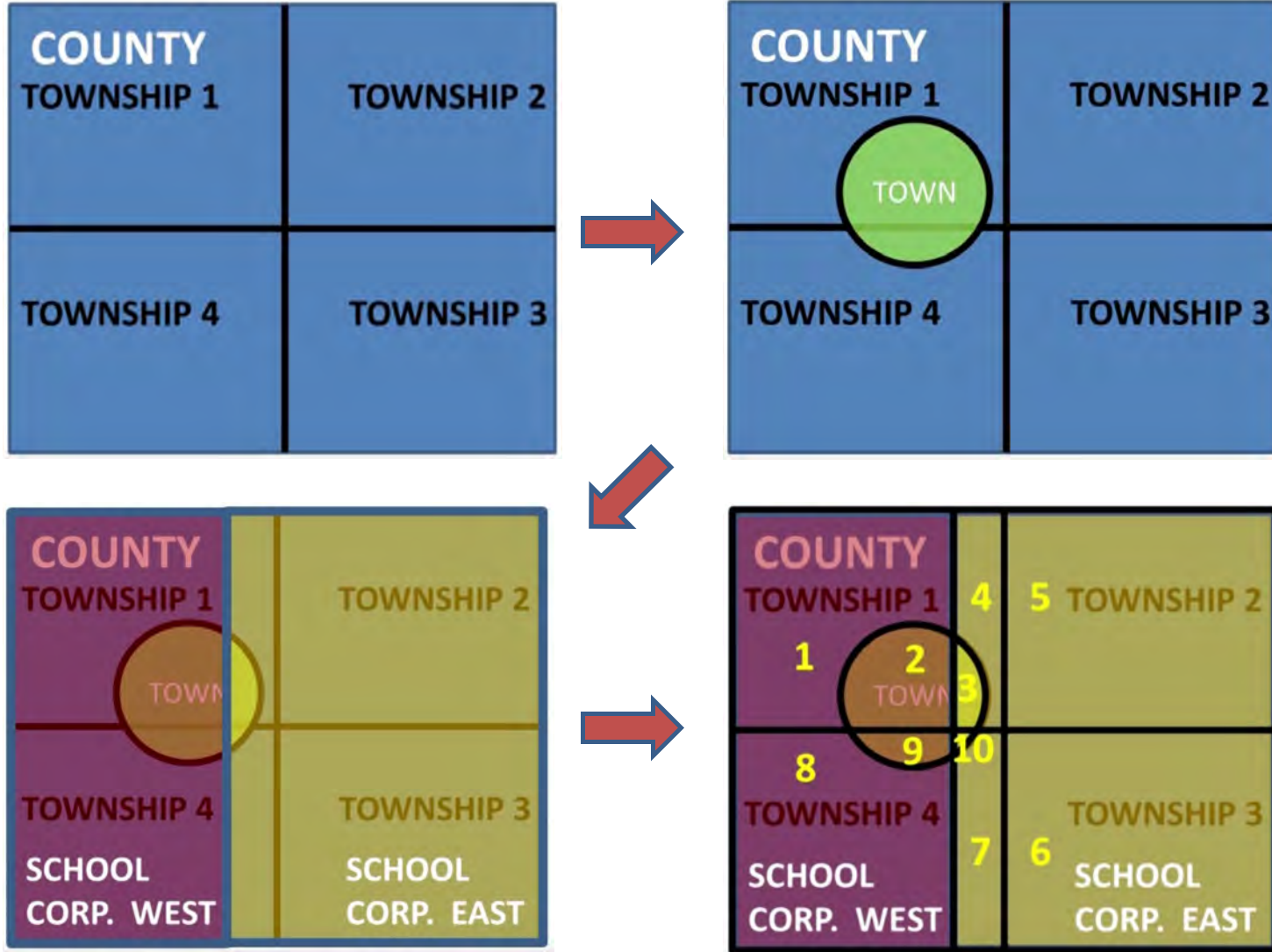
# Discussion Time: Tables 1, 2 and 9

- From Table 1, which units spend the most? Which units spend the least?
- Pick a unit that interests you. From Table 2, compare the unit's property tax rates to statewide percentiles. Are the county, city/town and school tax rates high, low or typical?
- What explains why the unit's tax rate is high, low or typical? Compare appropriations, the tax levy and assessed value to the statewide percentiles for the unit's type.
- Discuss your findings with your group.

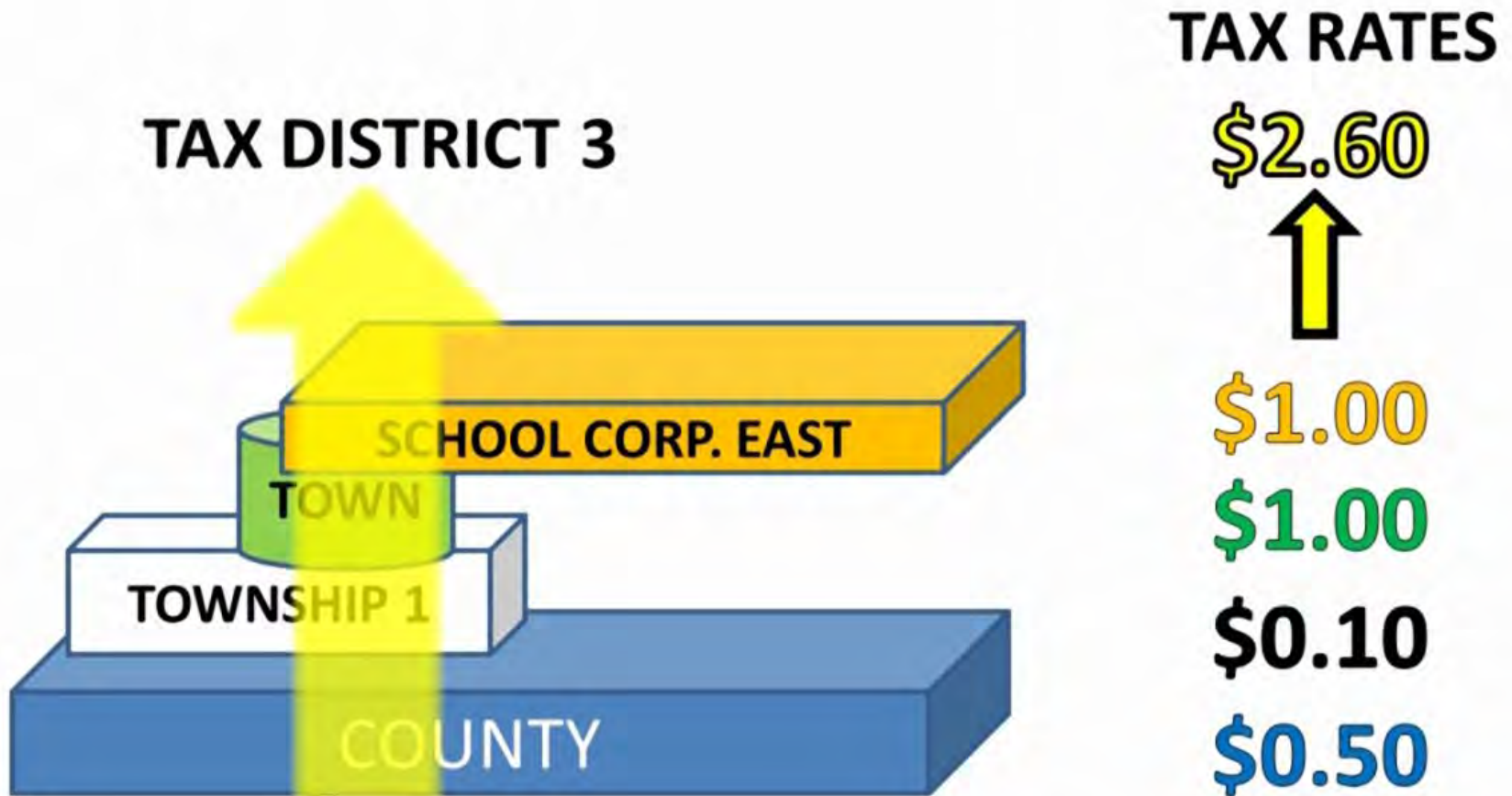




# Units and Tax Districts



# Units and Tax Districts



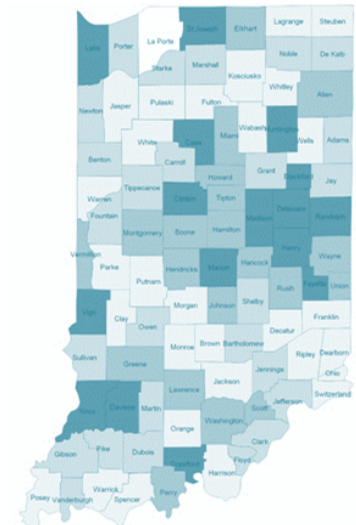
## 10. STATEWIDE PERCENTILES FOR TAX AND BUDGET COMPARISONS, 2020

<b>District Tax Rates, 2019</b>			
<b>Percentile</b>	<b>All Districts</b>	<b>City/Town Districts</b>	<b>Rural Districts</b>
<b>10%</b>	1.3621	1.8675	1.2369
<b>25%</b>	1.5990	2.2260	1.4576
<b>50% (median)</b>	2.0403	2.7127	1.7094
<b>75%</b>	2.7045	3.3903	2.0322
<b>90%</b>	3.5435	4.2733	2.4355

# Discussion Time: Table 3 & Table 10

- Which districts are high and low in your county? What is your own district rate?
- How do these district tax rates compare to the state percentiles at the end of Table 9?
- What unit rates contribute to this?

**Pick out a high and low district and remember them.**



# *Tax Caps in the Indiana Constitution*

*Article 10, Section 1, Parts f, g, h*

Tax caps limit tax bills to percentages of gross assessed value

1% Homestead

2% Other Residential/Farmland

3% Business Real/Personal

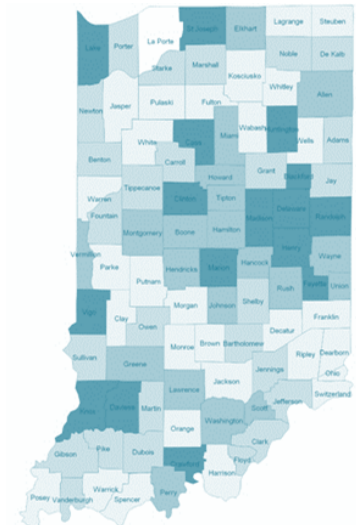
Taxes passed by referendum are exempt from caps

Lake and St. Joseph Counties ~~get~~ ten years to adjust

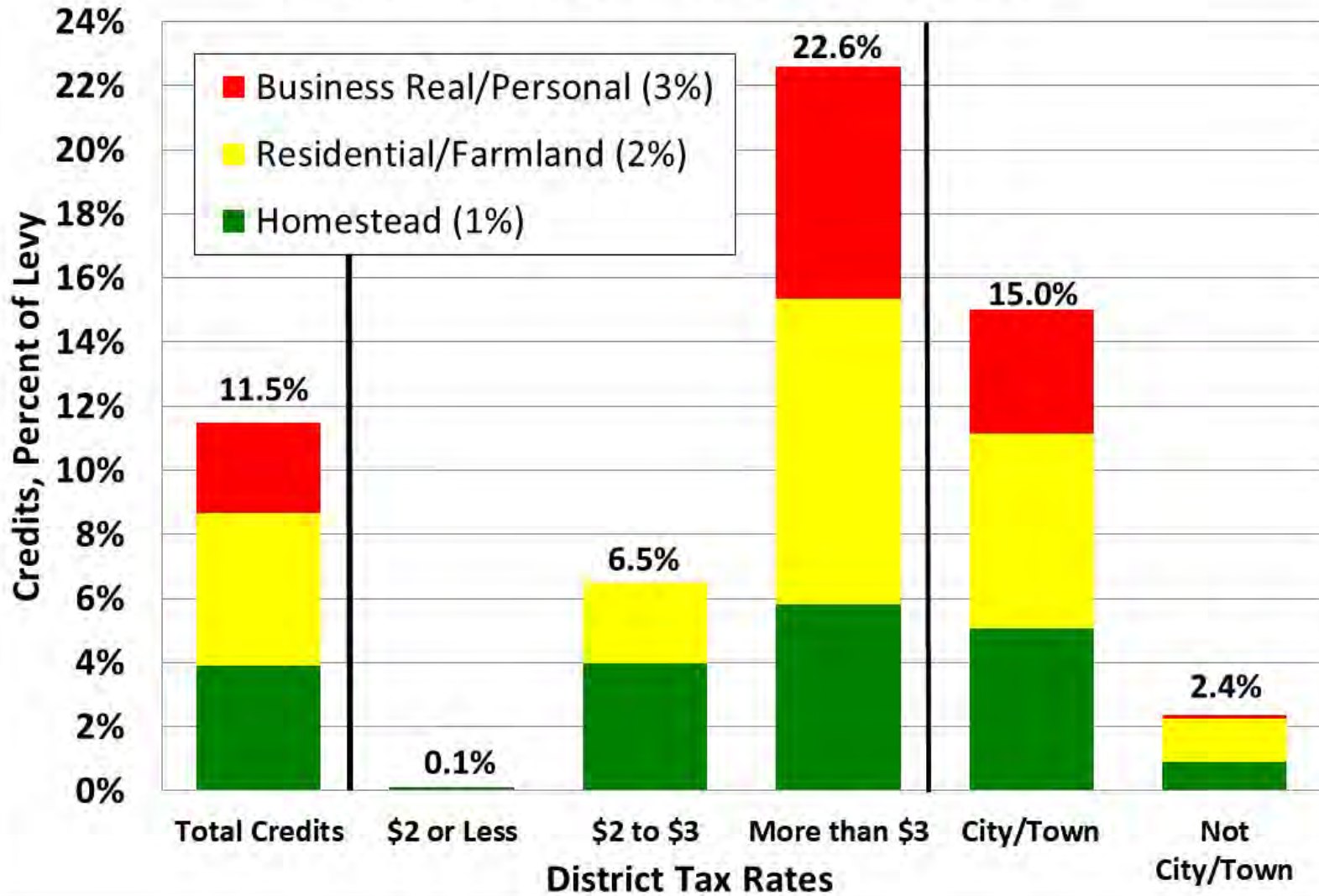
**had**

# Discussion Time: Table 4

- Look at your high and low tax rate districts. What are the tax cap credits as a percentage of the levy?
- What types of property are receiving tax caps?



## Tax Cap Credits as Percent of Levy, 2020



## 7. ADAMS COUNTY LOCAL INCOME TAXES, 2019

	Income Tax Rate	Income Tax Revenue
<b>All Local Income Taxes</b>	<b>1.624%</b>	<b>11,842,255</b>

### Expenditure

Certified Shares	0.600%	4,370,604
Public Safety	0.250%	1,821,085
Economic Development	0.400%	2,923,268
Correctional Facility		
<b>TOTAL</b>	<b>1.250%</b>	<b>9,114,957</b>

<b>Property Tax Relief</b>	<b>0.374%</b>	<b>2,727,298</b>
----------------------------	---------------	------------------

### Special Purpose

### LIT Property Tax Relief Credit Calculation

	Relief Allocation Percent (est.)	LIT Relief Allocation
All Property (PTRC)		
Homesteads (1%)	56%	1,525,298
Rental/Farmland (2%)		
Business Real/Personal (3%)		
Non-Homestead Residential	44%	1,202,000

	Levy by Property Type	Tax Bill Credit Percent
All Property (PTRC)		
Homesteads (1%)	11,245,551	<b>22.07%</b>
Rental/Farmland (2%)		
Business Real/Personal (3%)		
Non-Homestead Residential	14,871,636	<b>13.15%</b>

**Property Tax Relief**

**Income Tax Rate**  
**Income Tax Revenue**

0.374%      2,727,298

**Relief Allocation**  
**LIT Relief**

56% → 1,525,298  
44% → 1,202,000

**Levy by Property Type**  
**Tax Bill Credit Percent**

**Homesteads Non-HS Res**

**Homesteads Non-HS Res**

11,245,551 → 22.07%  
14,871,636 → 13.15%

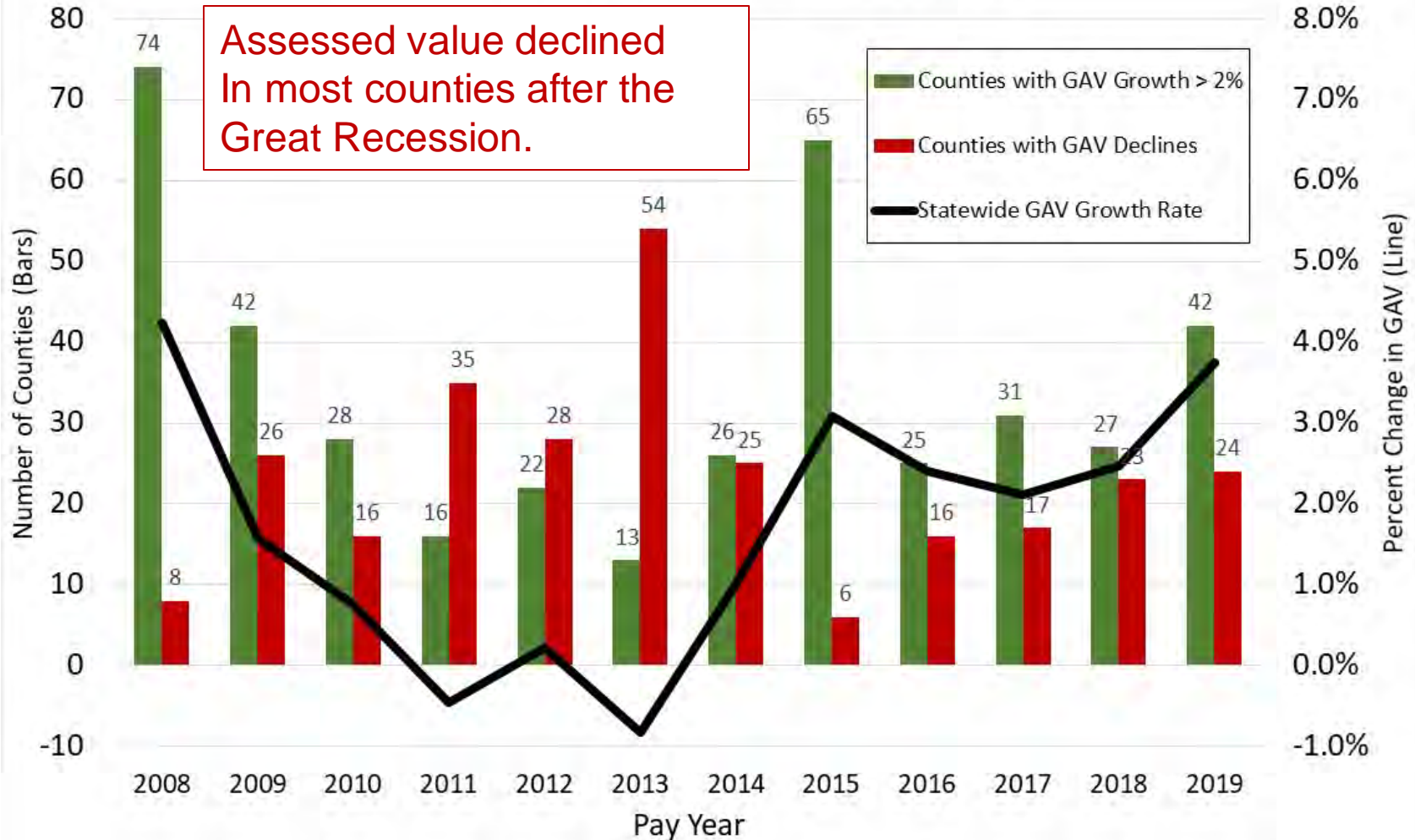


11. STATEWIDE PERCENTILES FOR LOCAL INCOME TAXES, 2019

Local Income Tax Rates, 2019								
Percentile	All Local Income Tax Rates	Certified Shares	Public Safety	Economic Dev.	Correctional Facility	Total Expenditure	Peroperty Tax Relief	Special Purpose
10%	1.00%	0.45%	0.00%	0.00%	0.00%	0.95%	0.00%	0.00%
25%	1.26%	0.70%	0.00%	0.20%	0.00%	1.03%	0.00%	0.00%
50%	1.75%	1.00%	0.25%	0.25%	0.00%	1.43%	0.12%	0.00%
75%	2.13%	1.00%	0.25%	0.32%	0.00%	1.72%	0.50%	0.14%
90%	2.55%	1.40%	0.47%	0.50%	0.12%	1.94%	0.74%	0.25%
<b>Minimum Rate</b>	0.35%	0.20%	0.05%	0.10%	0.10%	0.35%	0.03%	0.01%
<b>Maximum Rate</b>	3.38%	2.00%	1.00%	0.60%	0.20%	2.40%	1.18%	0.65%
<b>No. of Counties</b>	92	86	65	74	10	92	59	26

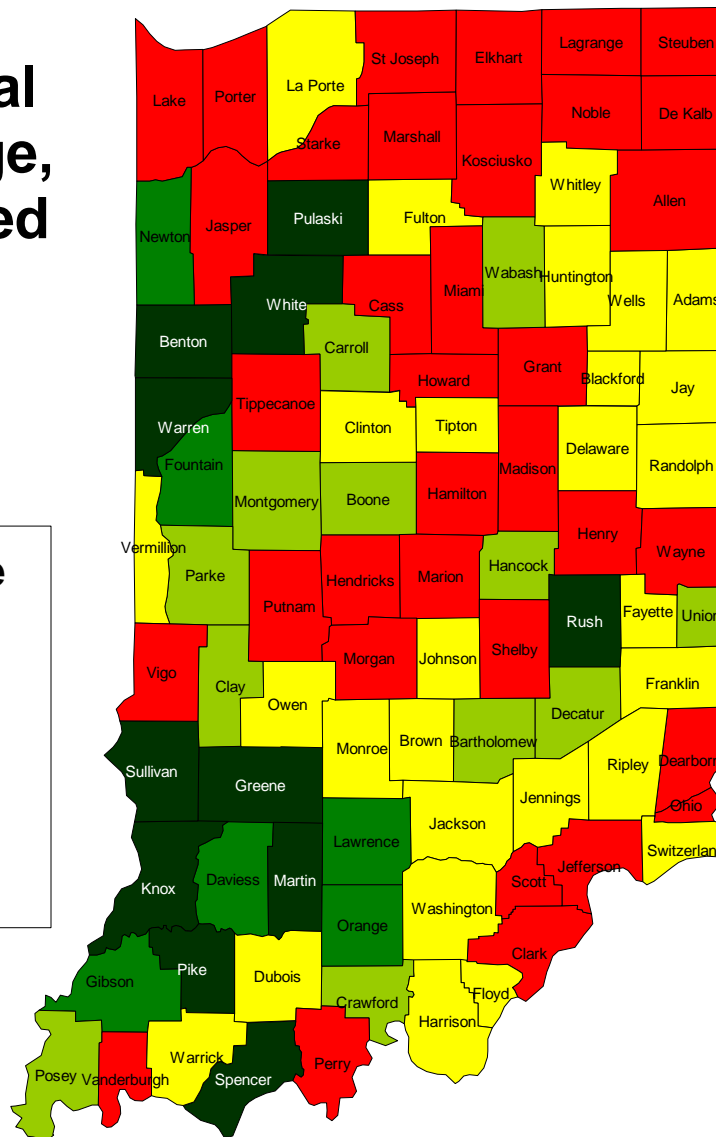
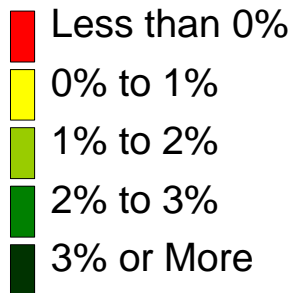
# The Indiana Property Tax in Recession

## Indiana Statewide Gross Assessed Value Growth, Number of Counties with Growth > 2% and Number of Counties with Declines

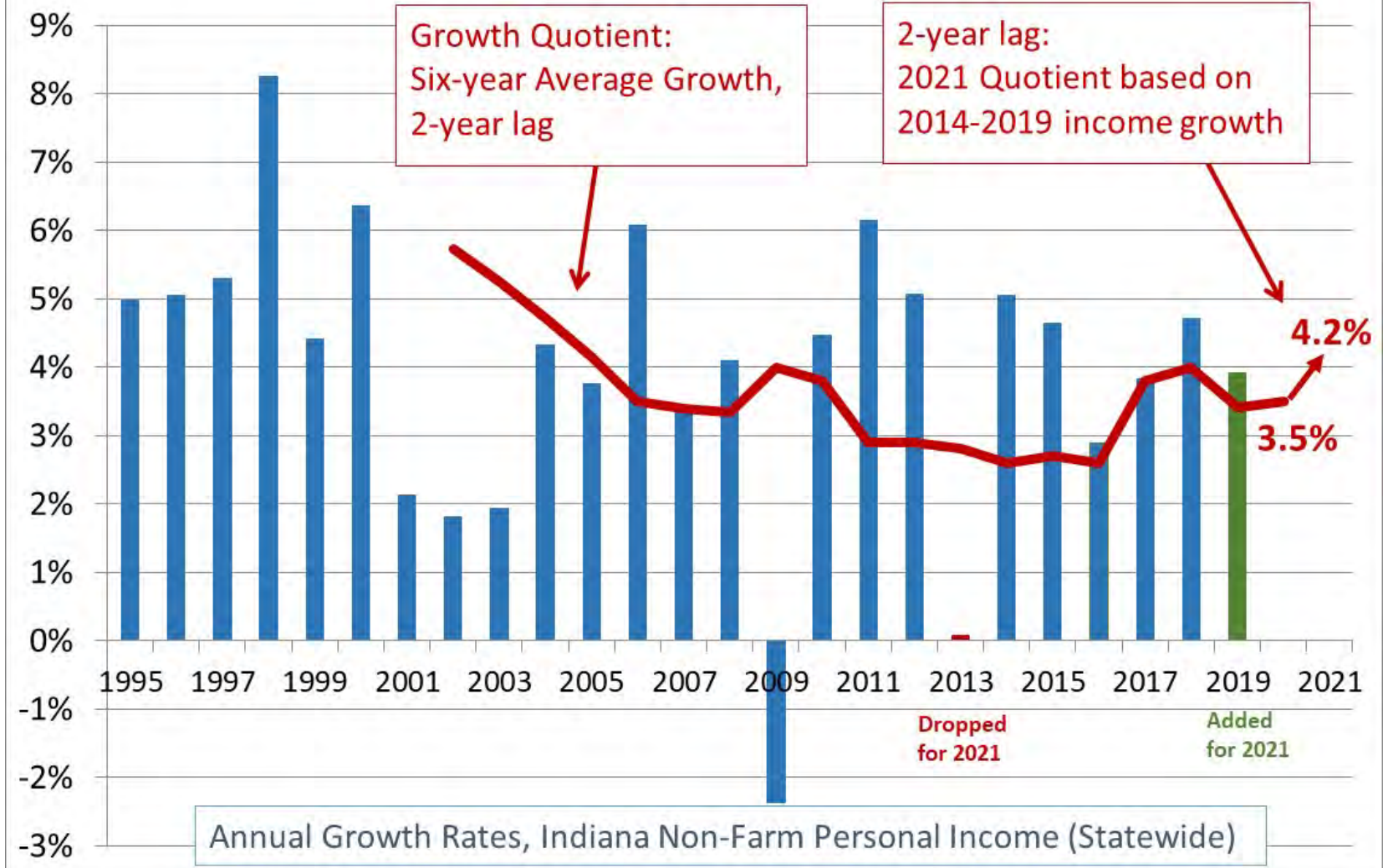


# Average Annual Percent Change, Gross Assessed Value, 2010-13

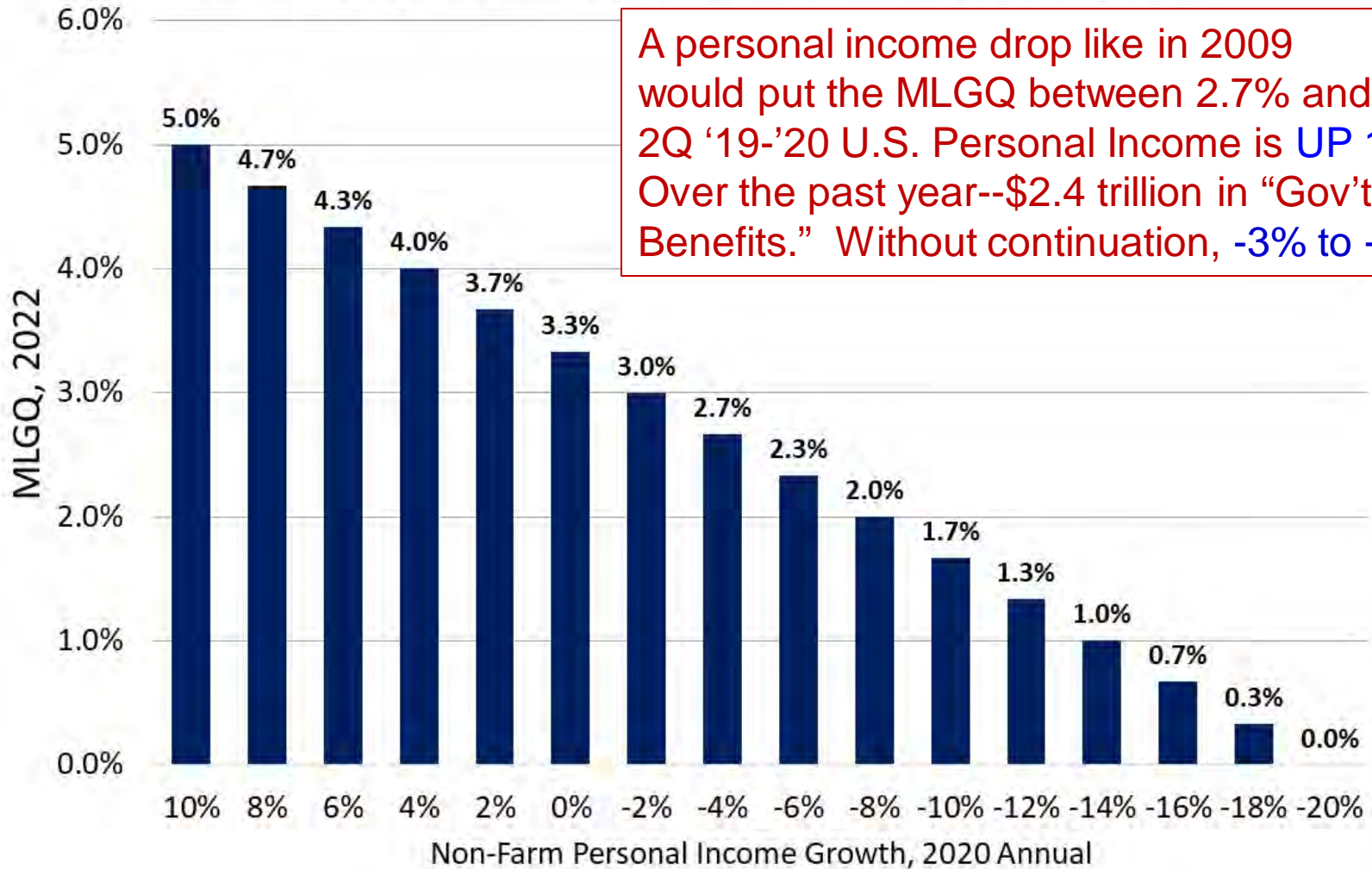
## Percent Change



## Calculation of Property Tax Maximum Levy Growth Quotient 2002 - 2021

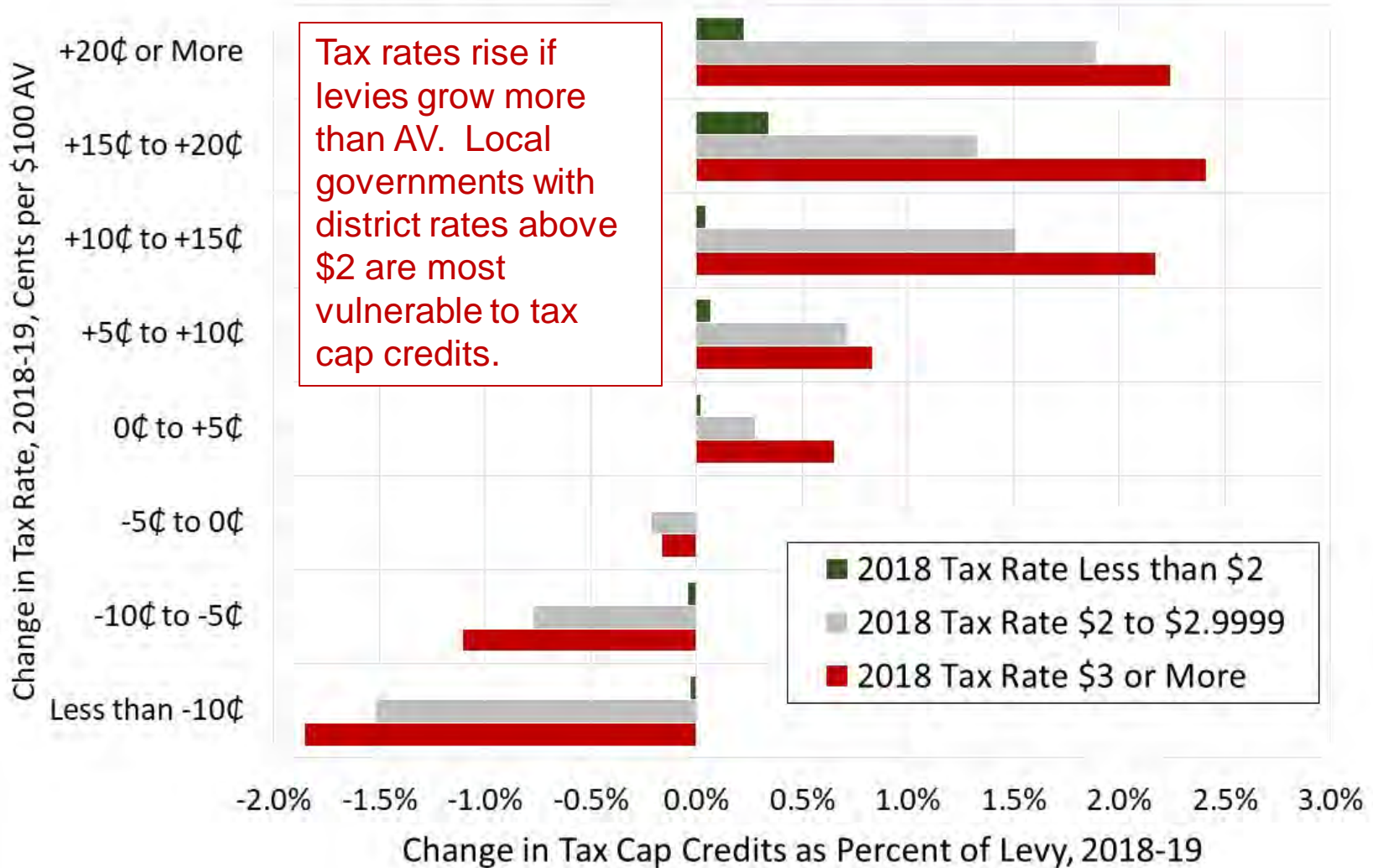


### Maximum Levy Growth Quotient, 2022, at a Range of 2020 Non-Farm Personal Income Growth Rates



A personal income drop like in 2009 would put the MLGQ between 2.7% and 3%. 2Q '19-'20 U.S. Personal Income is UP 10%. Over the past year--\$2.4 trillion in "Gov't Social Benefits." Without continuation, -3% to +2%.

**Average Change in Tax Cap Credits as Percent of Levy,  
by Change in District Tax Rate and Initial Rate, 2018-19**



# Indiana Property Taxes in Recession

- Assessed value can decline after recessions, as property values fall and new construction is diminished.
- Property value changes in 2020 will be assessed in 2021, for taxes in 2022
- Maximum levy growth quotient could fall below 3% again, if there is a drop in non-farm personal income.
- CARES Act benefits kept income growing in the Spring, so MLGQ may not fall as much as it did after the Great Recession.
- If levy rises more than assessed value, tax rates rise. Local units in districts with rates above \$2 are vulnerable to tax cap revenue losses—could eliminate part of any levy rise.



# How the Property Tax Works in Indiana

2020-2021

