

LOCAL OPTION INCOME TAX (LOIT) FACT SHEET FOR JASPER COUNTY

Indiana forecasted a raise in homeowner property taxes of 24% on average for taxes paid in 2007.

Reasons for the increase.

1. Indiana moved toward a market value of property, thus increasing the values of taxpayer property.
2. Trending is the term used to determine the value of one's property. It takes a 6 year average of the valuation of your property. This updated 1999 values to 2005 values, thus causing large increases.
3. The inventory tax was repealed, thus shifting that tax burden to all other classes of taxpayers.
4. Homestead deduction was set to begin to decrease gradually.
5. In 2008, Agricultural land's assessed valuation is set to increase 29%. \$880 to \$1140.
6. In 2009, Agricultural land's assessed valuation is set to increase another 5% over 2008 levels.
7. In 2008, homeowners deduction was to drop \$10,000 to \$35,000.

The General Assembly passed legislation in 2007 that allowed county councils to adopt Local Option Income Taxes (LOIT's) to reduce the rising property taxes. The Jasper County Council in July of 2007 voted on and adopted the LOIT's for Jasper County. Jasper County Farm Bureau supported the County Council in adopting the LOIT's. There were 3 options a county could adopt.

OPTION A

Would freeze the amount of property taxes a civil unit of government can raise. Any additional revenue needed to pay for government would now come from income taxes instead of property taxes. First year rate 2 times what is needed with $\frac{1}{2}$ going to stabilization fund.

OPTION B

This is a dollar for dollar property tax replacement. The council decided to curb property taxes as much as possible, thus adopted a 1% income tax replacement.

OPTION C

A public safety option tax. In order to adopt this, which is capped at .25%, a county must have adopted both options A and B, which the council did. These dollars can be used for police, jail, 911, emergency management, probation, juvenile, ambulance, fire, etc. costs.

By adopting option B, the county will lower Jasper Co. property taxes by \$5.5 million. This reduction should start to show up in the tax bills you receive in 2008. Purdue estimated this 1% income tax will lower your tax bill by an average of 21%. Option B allowed property tax relief to be targeted one of three ways.

1. Homeowners only
2. Homeowners and Rental units
3. All taxpayers will gain relief.

The council opted to go with option 3 giving relief to all classes of taxpayers, thus being fair to all.

Another note, Jasper Co. taxes were mailed out at the end of December, were due the end of January, 2008. These were the pay '07 taxes. We have made changes within the Assessors office to help get the information to the DLGF so Jasper Co. taxes can be mailed out on time, or close to it. The average Jasper Co. homeowner's Average Value (AV) is \$133,275, with a tax bill of \$828.

Option C will raise about \$1.4 million annually. This must be shared with DeMotte, Wheatfield, Rensselaer and Remington and Jasper Co. The County share in these public safety dollars are \$980,000. This will help fund Sheriff deputy salaries and ambulance costs. Jasper Co. subsidizes the ambulance providers \$600,000 to provide paramedic service to the citizens. This cannot happen without the county subsidy.