

From the PFFUI Winter 2010 Newsletter: The Importance of the Tax Caps

We are facing the unknown effects of the property tax caps which will go into full effect this year. The property tax caps place the following limits:

- Cap homeowner property taxes at 1% of assessed value
- Cap residential rental property taxes at 2% of assessed value
- Cap business property taxes at 3% of assessed value
- Assess agricultural land according to current formula

What we are currently facing is a push to have these tax caps placed into the Indiana State Constitution. On December 7, 2009, the House Ways and Means Committee deliberated SJR1, which would place these caps in the Constitution.

Despite icy weather, we had a great number of firefighters show up from across the state to show our opposition to this resolution. Please read our explanation below and consider calling your Indiana State Representative and Senator to let them know that we respectfully oppose making these tax caps permanent before we fully know their impact.

1. The firefighters and EMS workers of Indiana understand the intentions of the General Assembly's implementation of the property tax caps. Creating an atmosphere for economic development is important to every Hoosier. As homeowners and working Hoosiers, we appreciate every effort to make our state economically viable.
2. The caps are in statute now, but they will not go into full effect until 2010, which means we do not know the extent to which they will affect local units of government.
3. Putting the caps in the Constitution without knowing the full effect and without providing local units of government with alternative revenue sources such as PILOT, LOITS and user fees have the potential to devastate cities and towns across the state of Indiana.
4. The inability of cities and towns to fund basic services could have a severely adverse affect on the ability of these cities and towns to attract business and development and have a negative impact on the quality of life for their citizens, undermining the intentions of the tax caps:

According to Dr. Larry DeBoer (who will be speaking at the Thomas H. Miller Legislative Conference on February 16th), "The tax caps were not a significant factor in homeowner tax bills in 2009. Homesteads received a mere 2.5% of all circuit breaker credits... rental properties accounted for...82.2% of all credits." This means that homeowners and the business community, those who the legislature intended to help, received only 17.8% of all credits.

As firefighters and EMS workers we pledge to continue to work with our local government officials to best serve our communities in a safe and efficient manner. We care deeply about our communities; therefore we are asking the General Assembly to:

1. Work with Indiana's cities and towns and other local units of government to give them the authority to raise the resources necessary to deliver essential services and;
2. Allow the tax caps to be fully implemented and studied before any constitutional decisions are made.

As always, I invite any of you who would like to learn more about the work the PFFUI does at the Indiana General Assembly to call the office and set up a day to join me and Vice President Mike Whited in the halls of the statehouse. We will be working hard this short session to accomplish the goals laid out in his letter. We will also keep you updated on the website and through communications with your Local leadership.

Stay Safe, PFFUI President Tom Hanify