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Editorial

Tax caps no panacea for owners

When the Indiana Constitution is amended to make tax caps permanent, the only effect will be to freeze property taxes:

- A. True
- B. False
- C. It doesn't matter – I don't pay property taxes.
- D. None of the above

If you chose anything but B, call your county auditor. Indiana's 92 elected auditors don't make tax policy, but they deal with its consequences. What they are learning as tax bills are issued this spring should be instructive when voters consider whether to approve or reject a constitutional amendment on Nov. 2.

"Honestly, folks, we have to start having some fierce conversations about this," Bill Borne, president of the Indiana County Auditors' Association, told members of the group during the association's statewide conference last week at Grand Wayne Center. "I don't think any of us have a problem with the property tax caps, but it's already the law. ... I can't help but think there's a feeling out there that everyone is benefiting. We know how this is working. We have to be the messenger."

Borne, the Adams County auditor, wants taxpayers to know that few homeowners are benefiting and that rural homeowners could end up paying more in local income taxes to cover the property tax break their city neighbors receive. He wants to point out that the sales-tax increase that leveraged the tax reform package means Indiana taxpayers most likely lose out on federal property tax deductions. He also wants taxpayers to consider why a constitutional provision for property tax caps is such a good idea but isn't for sales and income tax rates.

David Bottorff, executive director of the Indiana Association of Counties, said he expected a coalition of groups to oppose the constitutional amendment, but it did not. Indiana Farm Bureau, one of the staunchest critics of the caps, decided not to fight it.

"Farm Bureau's member-driven policy – which guides us at the Statehouse – is clearly opposed to placing the circuit-breaker property tax caps in the state constitution," wrote Farm Bureau President Donald Villwock in a recent letter to lawmakers. "We realize, however, that undertaking a successful campaign to defeat the constitutional amendment is highly unlikely."

He went on to state that the state organization would not start an anti-amendment campaign and would not support or assist any county-level Farm Bureau offices in doing so.

Likewise, the Indiana Chamber of Commerce is not campaigning against the amendment, even though the state's largest business organization is opposed.

"We continue to think it's a bad idea and a worse idea to make it permanent," said the Chamber's Bill Waltz, vice president for taxation and

going to have to try to deal with it.”

Bottorff said the tax caps have varying effects for so many taxpayers that it’s difficult to pull together a coalition. Some school districts are losing property tax revenue, which they depend on for transportation, construction, utilities and insurance, but not all. State universities are not directly affected by the caps, so the powerful force that has blocked taxpayer measures in other states hasn’t mobilized.

What homeowners – the group Indiana lawmakers were clearly trying to appease – need to know is that the tax-cap question is far from simple. Its effect on existing credits, abatements, other taxes and fees are far from clear. If you don’t think so, just ask your auditor.