

We are already operating  
under these rules.

### Some Observations about the November 2010 Tax Cap Constitutional Referendum

- The amendment will not provide additional property tax relief, since the provisions of the amendment are already in law, and are already restricting property tax bills.
  - The amendment will prevent Constitutional challenges to the differential caps (1% / 2% / 3% for different property types) based on the "uniform and equal rate of property assessment and taxation" phrase in Article 10, Section 1.
  - It will prevent future adjustments in property tax relief from raising property tax bills above the caps (e.g., a reduction in the homestead deductions can only raise homeowners taxes to 1% of gross assessed value).
- The amendment will make permanent the reduction in property tax revenues received by local governments. Here are three possible consequences:
  - Local governments will need to become more efficient, in order to deliver services at lower cost.
    - Voters who think that government can/should become more efficient, and think that revenue reductions will force efficiencies, will vote yes; those who think that few efficiencies are available, or don't like the means used to attain efficiencies (e.g. layoffs, consolidation) will vote no.
  - Indiana residents will have to accept a lower level of services, if there is not enough revenue to continue to deliver the services provided in the past.
    - Voters who think that Indiana local government is too big, and provides services that are not demanded by residents, will vote yes; those who value the services that are likely to be cut, or think more should be provided, will vote no.
  - Other revenue sources may be used, such as local income taxes and charges/fees.
    - Voters who dislike property taxes and favor other sources of revenue to support local government, will vote yes; those who prefer property taxes as a means to support local government will vote no.

- It "cleans up" the language so we can be "sure" it is actually constitutional.
- Really restricts what leg can do. Changing deductions & credits are very hard to change.