



Thursday, 07 February 2008

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## Senate committee considers house bill on property tax plan



Written by AP, on 02-06-2008 13:45

INDIANAPOLIS (AP) — A powerful Senate committee did a lot of listening Tuesday as it considered a House bill containing many parts of Gov. Mitch Daniels' property tax reform plan.

Homeowners told committee members they want lower bills. Schools want stable funding. Local governments want to avoid police and fire cuts. And social service advocates want protection for the poor.

Sen. Luke Kenley, a Republican from Noblesville who heads the Senate Tax Committee, said some items on the wish lists likely won't make the final cut as lawmakers try to reach a compromise before the legislative session ends March 14. The committee plans to meet on the bill again in two weeks, when lawmakers could discuss possible changes to the proposal, Kenley said.

The legislation in its current form would cap homeowners' property tax bills at 1 percent of a home's assessed value starting next year, with a 2 percent cap on rental property and a 3 percent limit on businesses. The bill would shift some local spending to the state and raise Indiana's sales tax from 6 percent to 7 percent to help pay for tax relief.

Some urged lawmakers to keep aspects of the House version of the bill, such as expanded tax credits for low-income workers and greater income tax deductions for renters. Patti O'Callaghan, president of the Indiana Coalition of Human Services, said the expanded tax credits would help offset the disproportionate burden that the increased sales tax would place on the poor.

"It lifts people out of poverty," she said.

But Kenley said the tax credit expansion doesn't fit well into the property tax proposal, and should instead be part of the budget discussion next year. He said the Senate will consider tax relief for renters, however.

"We need to continue to look for solutions in that area because it does bear on property tax liabilities," Kenley said after the committee meeting, which lasted more than four hours.

Kenley also said senators are working on finding ways to help schools, which could lose money because of the caps on property taxes. The caps are expected to save property taxpayers about \$600 million in 2010 — but that's \$600 million less in what local governments and schools receive.

Large, urban districts could lose the most, said Wendy Robinson, with the Indiana Urban Schools Association.

"This is not going to be equally impacting all school districts in Indiana," said Robinson, who is superintendent of Fort Wayne Community Schools.

Local governments are also concerned about the impact of the caps, called "circuit breakers." Kenley noted that governments, unlike schools, can implement local option income taxes to help make up for the shortfall, although many have been reluctant to do so.

Mishawaka stands to lose \$6.8 million in 2010 because of the caps, and Mayor Jeff Rea told lawmakers that he can't slash 15 percent from the city budget without reducing services or eliminating jobs. He also said he's heard fewer complaints about property taxes than he has about snow removal and potholes.



### Local Weather

**Today:** Chance Snow Showers  
35°F | 27°F

30%

**Tomorrow:** Chance Rain/Snow  
45°F | 31°F

50%

### Current Conditions:

**Overcast**  
31°F

Weather data provided by the National Weather Service

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Yes, it is romantic

No, it is a Hallmark holiday

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