



## **Referenda Question**

*August 23, 2022*

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## Question

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**Shall the Metropolitan School District of Wabash County increase property taxes paid to the School Corporation by homeowners and businesses? If this public question is approved by the voters, the average property tax paid to the School Corporation per year on a residence would increase by 124.5% and the average Property tax paid to the School Corporation per year on a business property would increase by 99.3%. The School Corporation may issue bonds or enter into a lease to acquire real estate and construct a new high school, and to renovate and repurpose Northfield Jr./Sr. High School and Southwood Jr./Sr. High School, which is estimated to cost \$115,000,000 over 20 years.**

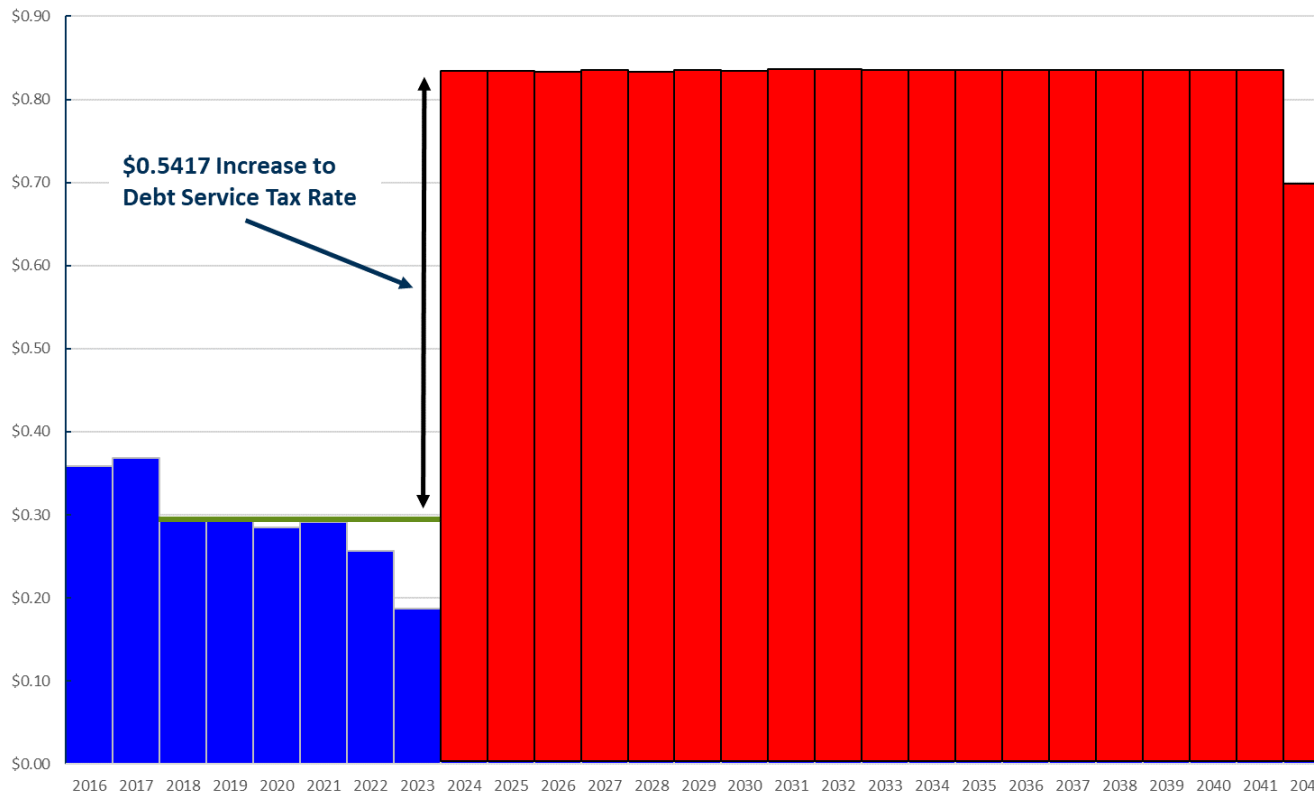
- **Average Property Value**
- **Average Tax District Rate**
- **Percentage Tax Payment Change**

- **Arithmetic Average/Mean**
  - **Gross assessed value of homesteads divided by number of homesteads**
    - $\$577,263,200 / \$4,382 = \$131,735$
  - **Gross assessed value of business parcels divided by number of business parcels**
    - $\$393,517,600 / \$6,691 = \$58,813$
  - **Easier to calculate than median or weighted average**

- **Arithmetic Average/Mean**
  - **Total of all tax district rates divided by number of tax districts**
    - **$\$18.3936 / 9 = \$2.0437$**
  - **Easier to calculate than median or weighted average**
  - **Median or weighted average may be more representative of your tax district**
    - **Median** - is defined such that no more than half the values are larger than, and no more than half are smaller than.
    - **Weighted Average** - is an average in which some data points count more heavily than others, in that they are given more weight in the calculation.

## Percentage Tax Payment Change

- Question uses the maximum tax rate increase (\$0.8300) for the referenda, assuming no retirement of existing debt.
  - Over estimates the actual impact to tax payers (\$0.5417)



## Tax Liability Impact for Homestead Parcels

<b>STEP 1: Determine the average assessed value of a homestead located within the political subdivision</b>	
Total Homestead Gross Assessed Value	577,263,200
Number of Homesteads	4,382
Average Homestead Gross Assessed Value	<u>131,735</u>
<b>STEP 2:</b> For purposes of determining the net assessed value of the average homestead located within the political subdivision, subtract:	
(A) an amount for the homestead standard deduction under 1C 6-1.1-12-37 as if the homestead described in STEP ONE was eligible for the deduction:	<u>(45,000)</u>
(B) an amount for the supplemental homestead deduction under 1C 6-1.1-12- 37.5 as if the homestead described in STEP ONE was eligible for the deduction; from the result of STEP ONE:	<u>(30,357)</u>
In this step, apply the homestead deduction and supplemental deduction to the average assessed value of the homestead found in STEP ONE using the calculation found in 1C 6-1.1 -12-37(c) and 37.5(b), respectively:	<u>56,378</u>
<b>STEP 3:</b> Divide the result of STEP TWO by one hundred (100)	<u>563.78</u>
<b>STEP 4:</b> Determine the overall average tax rate per one hundred dollars (\$100) of assessed valuation for the current year imposed on property located within the political subdivision.	
(1) find all the taxing districts that comprise the boundaries of the local unit	
(2) find the tax rate for each taxing district	
Lagro Township (003)	1.4728
Lagro Town (004)	2.9686
Liberty Township (005)	1.3279
Lafontaine Town (006)	2.5756
Noble Township (007)	1.3349
Wabash City-Wabash County Scho (008)	3.3788
Paw Paw Township (010)	1.3718
Roann Town (011)	2.6849
Waltz Township (013)	1.2783
(3) find the sum of the tax rates	<u>18.3936</u>
(4) divide the sum by the number of taxing districts	<u>2.0437</u>
<b>STEP 5:</b> For purposes of determining the net property tax liability of the average homestead located within the political subdivision	
(A) multiply the result of STEP 3 by the result of STEP 4	<u>1,152.22</u>
(B) as appropriate, apply any currently applicable county property tax credit rates and the credit for excessive property taxes under Ind.Code § 6-1.1- 20.6-7.5(a)(1)	
Property Tax Replacement Credit Rate	20.2610
Property Tax Replacement Credit Amount	(233.45)
Circuit Breaker Cap Credit 1	-
	<u>918.77</u>
<b>STEP 6:</b> Determine the amount of the political subdivision's part of the result determined in STEP FIVE.	
(i) Find the total certified tax rate for the unit's funds as reflected in the most recent budget order for the unit.	<u>0.8360</u>
(ii) Divide the certified tax rate by the STEP FOUR amount & multiply the result by the STEP FIVE amount.	375.83
<b>STEP 7:</b> Determine the estimated tax rate that will be imposed if the public question is approved by the voters.	0.8300
<b>STEP 8:</b> Multiply the result of STEP 7 by the result of STEP 3	<u>467.94</u>
<b>STEP 9:</b> Divide the result of STEP EIGHT by the result of STEP SIX, expressed as a percentage.	124.5%

## Tax Liability Impact for Homestead Parcels

**STEP 1: Determine the average assessed value of a homestead located within the political subdivision**

Total Homestead Gross Assessed Value	577,263,200
Number of Homesteads	4,382
Average Homestead Gross Assessed Value	<u>131,735</u>

**STEP 2:** For purposes of determining the net assessed value of the average homestead located within the political subdivision, subtract:

- (A) an amount for the homestead standard deduction under 1C 6-1.1-12-37 as if the homestead described in STEP ONE was eligible for the deduction: (45,000)
- (B) an amount for the supplemental homestead deduction under 1C 6-1.1-12- 37.5 as if the homestead described in STEP ONE was eligible for the deduction; from the result of STEP ONE: (30,357)

In this step, apply the homestead deduction and supplemental deduction to the average assessed value of the homestead found in STEP ONE using the calculation found in 1C 6-1.1 -12-37(c) and 37.5(b), respectively: 56,378

**STEP 3:** Divide the result of STEP TWO by one hundred (100) 563.78



## Calculation - Homestead

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**STEP 4:** Determine the overall average tax rate per one hundred dollars (\$100) of assessed valuation for the current year imposed on property located within the political subdivision.

(1) find all the taxing districts that comprise the boundaries of the local unit

(2) find the tax rate for each taxing district

Lagro Township (003)	1.4728
Lagro Town (004)	2.9686
Liberty Township (005)	1.3279
Lafontaine Town (006)	2.5756
Noble Township (007)	1.3349
Wabash City-Wabash County Scho (008)	3.3788
Paw Paw Township (010)	1.3718
Roann Town (011)	2.6849
Waltz Township (013)	1.2783
(3) find the sum of the tax rates	<u>18.3936</u>
(4) divide the sum by the number of taxing districts	<u>2.0437</u>

## Calculation - Homestead

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<b>STEP 5:</b>	For purposes of determining the net property tax liability of the average homestead located within the political subdivision	
(A)	multiply the result of STEP 3 by the result of STEP 4	<u>1,152.22</u>
(B)	as appropriate, apply any currently applicable county property tax credit rates and the credit for excessive property taxes under Ind.Code § 6-1.1- 20.6-7.5(a)(1)	
	Property Tax Replacement Credit Rate	20.2610
	Property Tax Replacement Credit Amount	(233.45)
	Circuit Breaker Cap Credit 1	-
		<u><b>918.77</b></u>
<b>STEP 6:</b>	Determine the amount of the political subdivision's part of the result determined in STEP FIVE.	
(i)	Find the total certified tax rate for the unit's funds as reflected in the most recent budget order for the unit.	<u>0.8360</u>
(ii)	Divide the certified tax rate by the STEP FOUR amount & multiply the result by the STEP FIVE amount.	375.83
<b>STEP 7:</b>	Determine the estimated tax rate that will be imposed if the public question is approved by the voters.	0.8300
<b>STEP 8:</b>	Multiply the result of STEP 7 by the result of STEP 3	<u><b>467.94</b></u>
<b>STEP 9:</b>	Divide the result of STEP EIGHT by the result of STEP SIX, expressed as a percentage.	124.5%

## Calculation - Homestead

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<b>STEP 5:</b>	For purposes of determining the net property tax liability of the average homestead located within the political subdivision	
(A)	multiply the result of STEP 3 by the result of STEP 4	<u>1,152.22</u>
(B)	as appropriate, apply any currently applicable county property tax credit rates and the credit for excessive property taxes under Ind.Code § 6-1.1- 20.6-7.5(a)(1)	
	Property Tax Replacement Credit Rate	20.2610
	Property Tax Replacement Credit Amount	(233.45)
	Circuit Breaker Cap Credit 1	-
		<u><b>918.77</b></u>
<b>STEP 6:</b>	Determine the amount of the political subdivision's part of the result determined in STEP FIVE.	
(i)	Find the total certified tax rate for the unit's funds as reflected in the most recent budget order for the unit.	<u>0.8360</u>
(ii)	Divide the certified tax rate by the STEP FOUR amount & multiply the result by the STEP FIVE amount.	375.83
<b>STEP 7:</b>	Determine the estimated tax rate that will be imposed if the public question is approved by the voters.	<b>0.5417</b> <del>0.8300</del>
<b>STEP 8:</b>	Multiply the result of STEP 7 by the result of STEP 3	<u><b>305.40</b></u> <del>467.94</del>
<b>STEP 9:</b>	Divide the result of STEP EIGHT by the result of STEP SIX, expressed as a percentage.	<b>81.3%</b> <del>124.5%</del>

## Calculation - Business

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<b>STEP 4:</b>	For purposes of determining the net property tax liability of the average homestead located within the political subdivision	
(A)	multiply the result of STEP 3 by the result of STEP 4	<u>1,201.98</u>
(B)	as appropriate, apply any currently applicable county property tax credit rates and the credit for excessive property taxes under Ind.Code § 6-1.1- 20.6-7.5(a)(1)	
	Property Tax Replacement Credit Rate	3.9346
	Property Tax Replacement Credit Amount	(47.29)
	Circuit Breaker Cap Credit 3	-
		<u><b>1,201.98</b></u>
<b>STEP 5:</b>	Determine the amount of the political subdivision's part of the result determined in STEP FIVE.	
(i)	Find the total certified tax rate for the unit's funds as reflected in the most recent budget order for the unit.	<u>0.8360</u>
(ii)	Divide the certified tax rate by the STEP FOUR amount & multiply the result by the STEP FIVE amount.	491.68
<b>STEP 6:</b>	Determine the estimated tax rate that will be imposed if the public question is approved by the voters.	0.8300
<b>STEP 7:</b>	Multiply the result of STEP 7 by the result of STEP 3	<u><b>488.15</b></u>
<b>STEP 8:</b>	Divide the result of STEP EIGHT by the result of STEP SIX, expressed as a percentage.	99.3%

## Calculation - Business

<b>STEP 4:</b>	For purposes of determining the net property tax liability of the average homestead located within the political subdivision	
(A)	multiply the result of STEP 3 by the result of STEP 4	<u>1,201.98</u>
(B)	as appropriate, apply any currently applicable county property tax credit rates and the credit for excessive property taxes under Ind.Code § 6-1.1- 20.6-7.5(a)(1)	
	Property Tax Replacement Credit Rate	3.9346
	Property Tax Replacement Credit Amount	(47.29)
	Circuit Breaker Cap Credit 3	-
		<u><b>1,201.98</b></u>
<b>STEP 5:</b>	Determine the amount of the political subdivision's part of the result determined in STEP FIVE.	
(i)	Find the total certified tax rate for the unit's funds as reflected in the most recent budget order for the unit.	<u>0.8360</u>
(ii)	Divide the certified tax rate by the STEP FOUR amount & multiply the result by the STEP FIVE amount.	491.68
<b>STEP 6:</b>	Determine the estimated tax rate that will be imposed if the public question is approved by the voters.	<b>0.5417</b> <del>0.8300</del>
<b>STEP 7:</b>	Multiply the result of STEP 7 by the result of STEP 3	<b>318.59</b> <del>488.15</del>
<b>STEP 8:</b>	Divide the result of STEP EIGHT by the result of STEP SIX, expressed as a percentage.	<b>64.8%</b> <del>99.3%</del>

## Realistic Question

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Shall the Metropolitan School District of Wabash County increase property taxes paid to the School Corporation by homeowners and businesses? If this public question is approved by the voters, the average property tax paid to the School Corporation per year on a residence would increase by **81.3%** ~~124.5%~~ and the average Property tax paid to the School Corporation per year on a business property would increase by **64.8%** ~~99.3%~~. The School Corporation may issue bonds or enter into a lease to acquire real estate and construct a new high school, and to renovate and repurpose Northfield Jr./Sr. High School and Southwood Jr./Sr. High School, which is estimated to cost \$115,000,000 over 20 years.

- The only way to see what your actual estimated impact will be is to go to the School's Referenda Tax Calculator.
- Found at <https://www.msdbc.org/referendum/tax-calculator>

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