

RESOLUTION NO. 1-2022

*CITY OF BRAZIL, INDIANA COMMON COUNCIL*

RESOLUTION OPPOSING LEGISLATION REGARDING THE BUSINESS PERSONAL PROPERTY TAX

WHEREAS, the Indiana legislature proposed changes to the depreciation floor and other aspects of Indiana's business personal property tax as a priority in their 2022 legislative agenda; and

WHEREAS, City of Brazil opposes all legislation that contemplates eliminating any portion of the personal property tax without permanent FULL replacement guaranteed by the state; and

WHEREAS, any contemplated revenue replacement must be a source of revenue that continues to grow over time just as a property tax base would in order to allow growing communities to meet the demand for services; and

WHEREAS, a permanent state tax credit applied to ALL proposed business personal property tax reductions, holidays, phase-outs, etc., could eliminate unnecessary burden on local government in order to continue building health Indiana communities; and

WHEREAS, the personal property tax is a relied upon method for funding local government; and

WHEREAS, for taxing units not at the caps, a reduction in the tax base could result in property owners paying more in residential property taxes; and

WHEREAS, for those communities at the caps, any phase out of the business personal property tax means a loss in revenue for local units of government; and

WHEREAS, Business Personal Property Tax distributions to local units of government exceed \$1 Billion; and

WHEREAS, a reduction or elimination of Business Personal Property Tax would result in:

- A significant decrease in the City of Brazil's assessed value; and
- Increase in the property tax rates throughout the City of Brazil; and
- Increase in the Circuit Breaker loss for the City of Brazil; and
- Loss of funding for City of Brazil Cumulative Capital Fund; and
- Increase in annual property taxes for City of Brazil residential property owners but not commercial property owners (as they are at the tax cap).

As more particularly set forth in the Illustrative Impact of Personal Property Assessment Reduction as of February 1, 2022 as prepared by Baker Tilly and attached hereto and incorporated herein by reference.

WHEREAS, The Tax Foundation 2022 State Business Tax Climate Index lists Indiana as number one ranking for property tax; and

WHEREAS, Indiana consistently ranks in the top states with an attractive business tax climate, yet a community's quality of life is an increasingly greater influencer of business relocation and growth decisions.

NOW, THEREFORE, be it resolved by the Brazil Common Council that we oppose all legislation that contemplates eliminating any portion of the business personal property tax without full and permanent replacement guaranteed by the state.

This resolution shall become effective upon the date of passage.

RESOLVED this 9<sup>th</sup> day of February, 2022.

**COMMON COUNCIL OF THE  
CITY OF BRAZIL, INDIANA**

By: 

(Signature)

Brian Wyndham  
(Printed Name) Presiding Officer

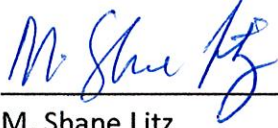
**ATTEST:**



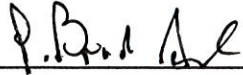
Karen McQueen, Clerk-Treasurer  
City of Brazil, Indiana

MEMBERS OF THE COMMON COUNCIL

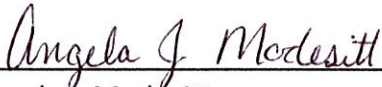
AYES:

  
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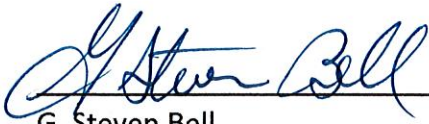
M. Shane Litz

  
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P. Brad Deal

  
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Angela J. Modesitt

  
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G. Steven Bell

  
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Karen Boes

NAYS:

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M. Shane Litz

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P. Brad Deal

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Angela J. Modesitt

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G. Steven Bell

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Karen Boes

Presented by me to the Mayor of the City of Brazil, Indiana for his approval and signature on the 9<sup>th</sup> day of February, 2022.

  
\_\_\_\_\_

Karen McQueen, Clerk-Treasurer  
City of Brazil, Indiana

APPROVED and signed by me on the 9<sup>th</sup> day of February, 2022, at the hour of 5:30 o'clock p.m.

  
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Brian L. Wyndham, Mayor  
City of Brazil, Indiana

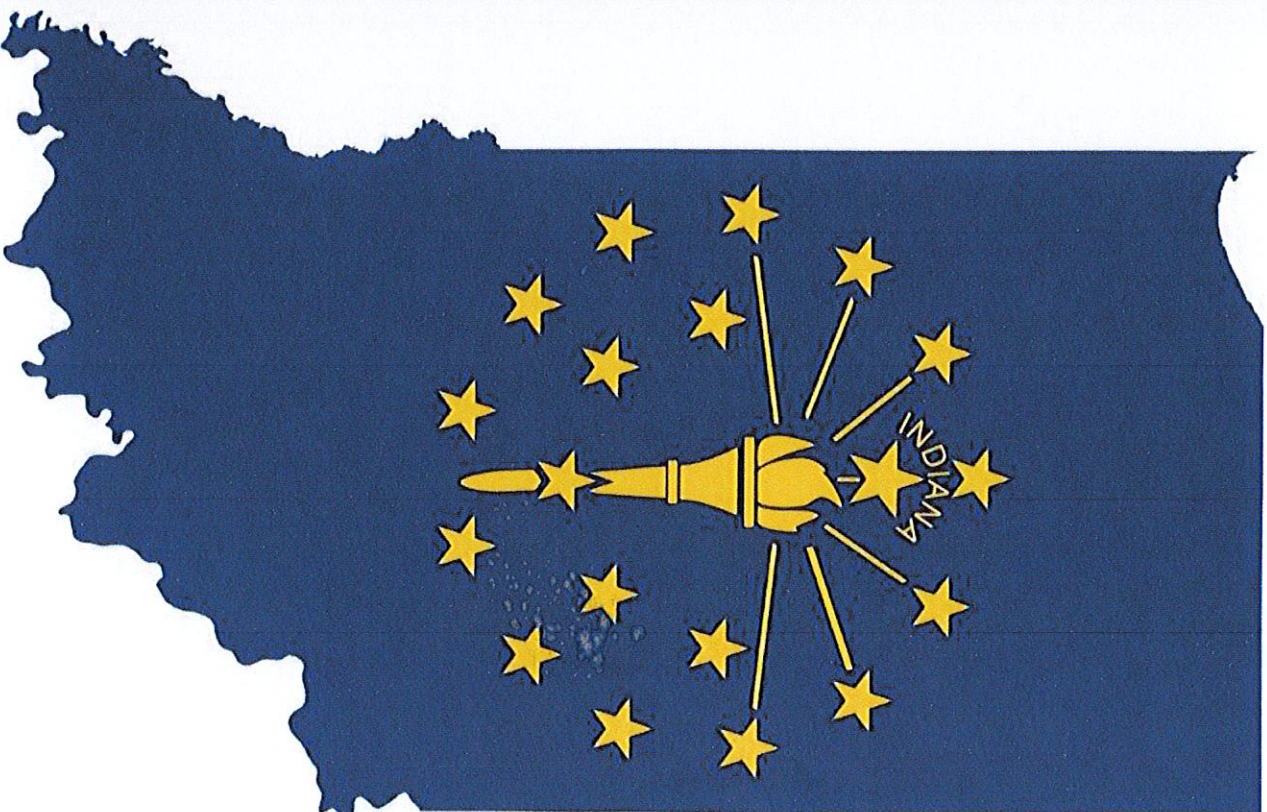


# City of Brazil, Indiana

*Illustrative Impact of Personal  
Property Assessment Reduction  
February 1, 2022*



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## Factors Impacting BPP

### Assessments

- The total investment mix of a company's Business Personal Property (BPP) in a taxing district is accounted for in the assessment calculations, which are based upon:
  - Equipment Acquisition costs
  - Equipment In-service dates
  - Equipment Depreciable life
  - Abatement deductions
- Equipment classified as "Special Tooling" is not subject to the 30% assessment "floor"
- Specific circumstances (e.g. abnormal obsolescence or equipment retirement) impact assessments

## Model Assumptions

- Source Data: Certified property tax levies and rates for taxes payable in 2021.
- Assessed values are estimated using pay 2021 parcel data provided by the Clay County Auditor's office and the 2021 Clay County Abstract.
- Does not assume a change in the Property Tax Relief component of the Local Income Tax (LIT). For 2021 Clay County has a certified Property Tax Relief LIT Rate of 50.9820% allocated for residential homestead properties.
- Estimated effective tax rates are applied to each property tax bill to compute the amount of credits due to taxpayers.
- Assumes rates for rate-limited funds not subject to the maximum levy are held constant.



# City of Brazil Taxing Districts:

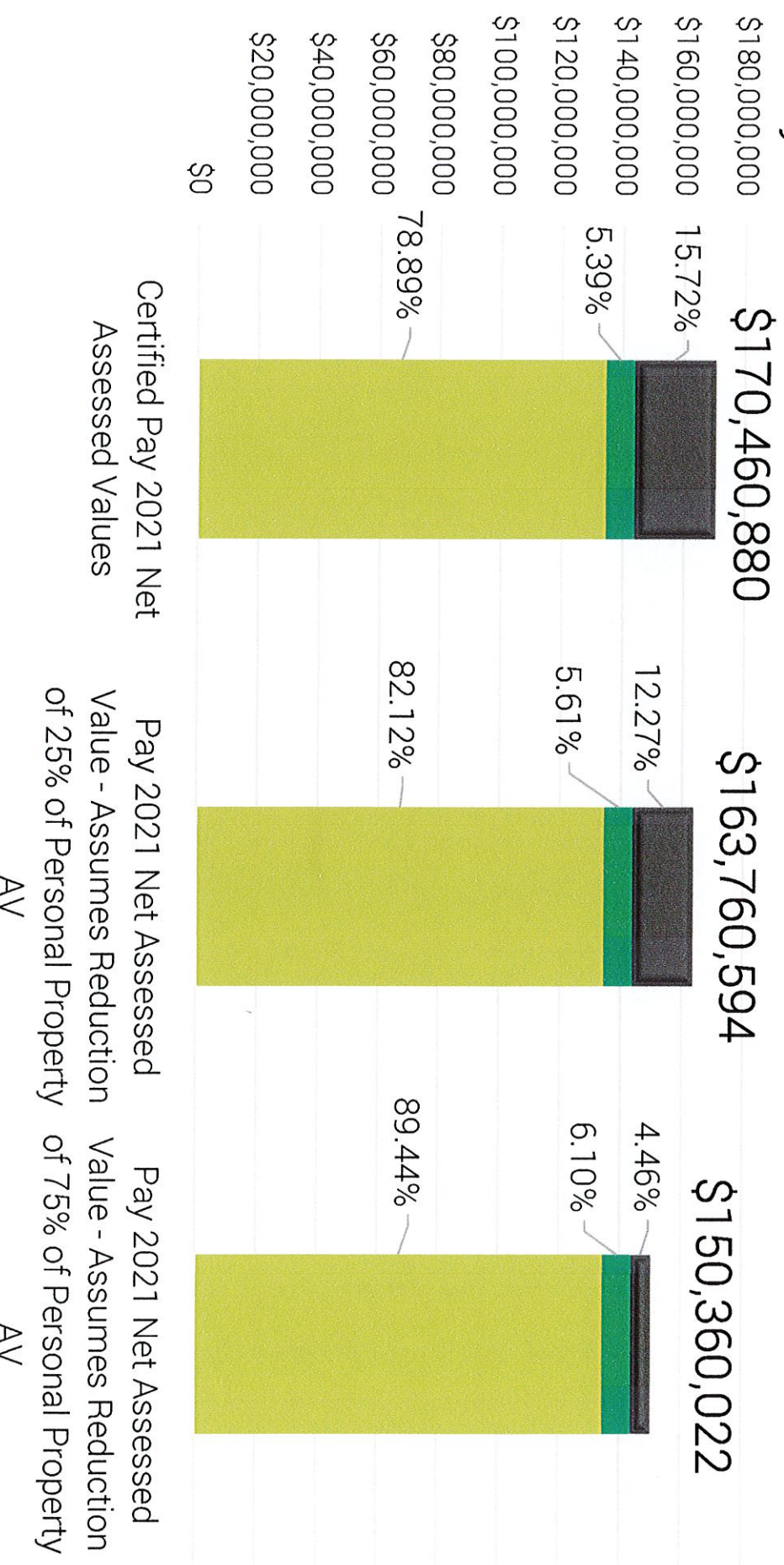
*Brazil City (002)*

*Brazil – Jackson Township (008)*

*Brazil – Posey Township (012)*

# Summary of Illustrative Change in Net Assessed Value

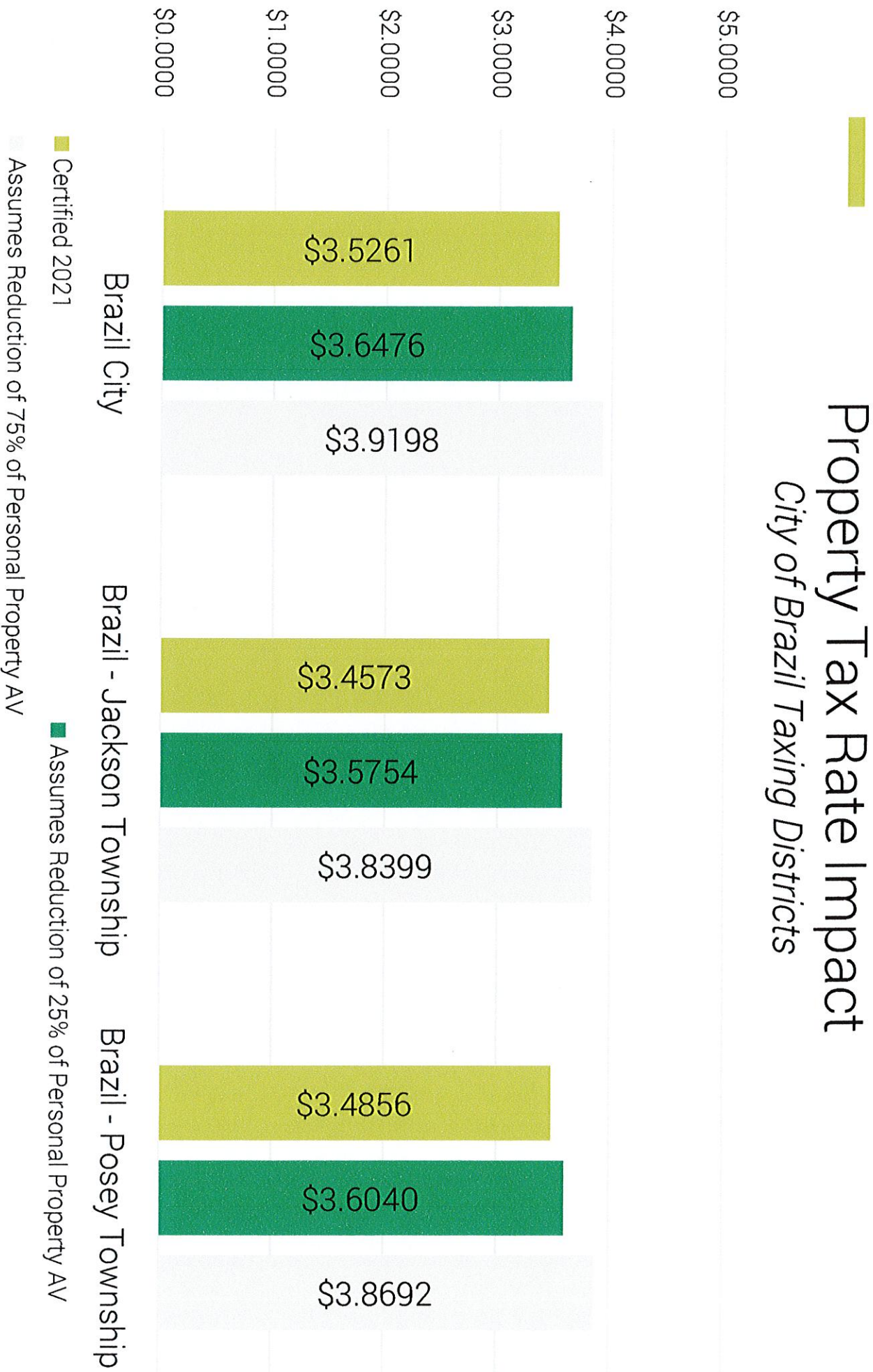
## City of Brazil



Note: Based on the 2021 Clay County Abstract.



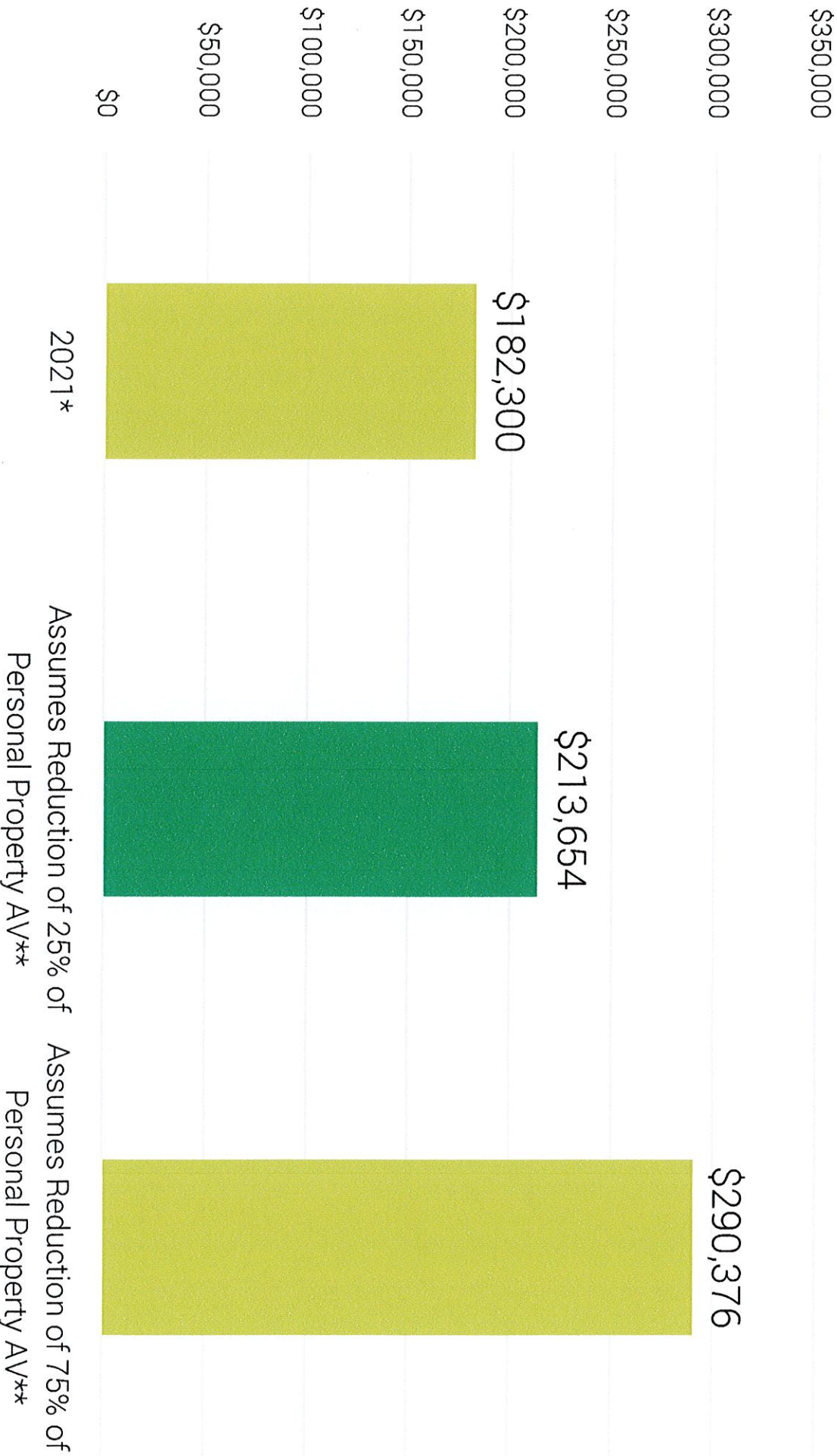
# Summary of Illustrative Property Tax Rate Impact *City of Brazil Taxing Districts*



Note: Based on certified pay 2021 property tax rates, levies, and abstract assessed values.

# Summary of Illustrative Circuit Breaker Impact

*City of Brazil*

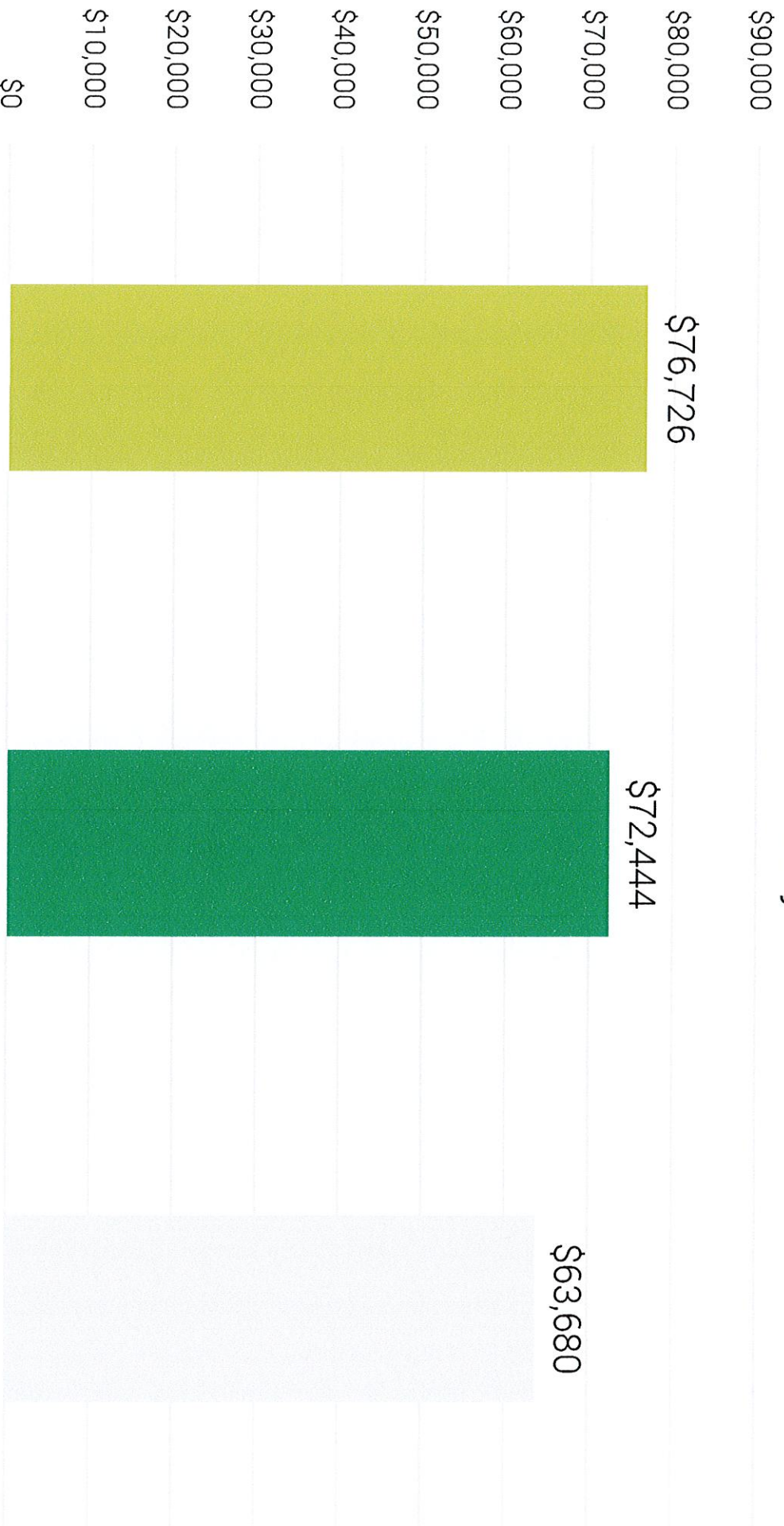


\* Per the Department of Local Government Finance.

\*\* Based on information provided by Policy Analytics, LLC.

# Summary of Illustrative Cumulative Fund Impact

## City of Brazil Fund Net Levy



\* Represents the 2021 certified net levy, per the Department of Local Government Finance.

\*\* Based on information provided by Policy Analytics, LLC.

# Illustrative Taxpayer Impact

Brazil City Taxing District



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			Tax Rate (1): \$3.5261	Illustrative Tax Rate (2): \$3.6476	Illustrative Tax Rate (2): \$3.9198
	Gross Assessed Value of Property	Net Assessed Value	Illustrative Annual Property Taxes	Illustrative Annual Property Taxes	Illustrative Annual Property Taxes
<u>Residential Property</u>					
	\$50,000	\$10,000 (3)	\$172.84	\$178.80	\$192.14
	83,100 (4)	21,765 (3)	376.19	389.16	418.19
	150,000	65,250 (3)	1,127.78	1,166.67	1,253.71
<u>1 Acre of Ag. Land</u>					
(5)					
	\$1,290	\$1,290	\$25.80	\$25.80	\$25.80
<u>Commercial Property (6)</u>					
	\$100,000	\$100,000	\$3,000.00	\$3,000.00	\$3,000.00

(1) Represents the certified pay 2021 tax rate for the Brazil City taxing district.

(2) Based on the certified pay 2021 tax rate for the Brazil City taxing district after the impact of reducing the BPP from the assessed value.

(3) Includes standard deduction at the lesser of \$45,000 or 60% of home value, the 35% supplemental homestead deduction and the \$3,000 mortgage deduction. Includes the impact of the 50.9820% pay 2021 Homestead LIT PTRC. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 1% of gross assessed value for a residential parcel, is applied.

(4) Represents the Median Home value for the City of Brazil, per the 2015-2019 American Community Survey 5-Year estimates of the U.S. Census Bureau.

(5) One acre of agricultural land represents the 2021 pay 2022 assessment of \$1,290 and no deductions or exemptions. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 2% of gross assessed value for an agricultural parcel, is applied.

(6) Assumes no deductions or exemptions. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for a commercial parcel, is applied.

Note: Highlighted cells denote taxpayers at or above the respective Circuit Breaker Tax Credit amounts.

# Illustrative Taxpayer Impact

Brazil – Jackson Township Taxing District

  
 MUNICIPAL ADVISORS

Tax Rate (1): \$3.4573      Illustrative Tax Rate (2): \$3.5754      Illustrative Tax Rate (2): \$3.8399

	Gross Assessed Value of Property	Net Assessed Value	Illustrative Annual Property Taxes	Illustrative Annual Property Taxes	Illustrative Annual Impact	Illustrative Annual Property Taxes	Illustrative Annual Impact
<b>Residential Property</b>							
	\$50,000	\$10,000 (3)	\$169.47	\$175.26	\$5.79	\$188.22	\$18.75
	83,100 (4)	21,765 (3)	368.85	381.45	12.60	409.66	40.81
	150,000	65,250 (3)	1,105.79	1,143.57	37.78	1,228.14	122.35
<b>1 Acre of Ag. Land</b>							
	(5)						
	\$1,290	\$1,290	\$25.80	\$25.80	\$0.00	\$25.80	\$0.00
	\$100,000	\$100,000	\$3,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00

- (1) Represents the certified pay 2021 tax rate for the Brazil – Jackson Township taxing district.
- (2) Based on the certified pay 2021 tax rate for the Brazil – Jackson Township taxing district after the impact of reducing the BPP from the assessed value.
- (3) Includes standard deduction at the lesser of \$45,000 or 60% of home value, the 35% supplemental homestead deduction and the \$3,000 mortgage deduction. Includes the impact of the 50.9820% pay 2021 Homestead LIT PTRC. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 1% of gross assessed value for a residential parcel, is applied.
- (4) Represents the Median Home value for the City of Brazil, per the 2015-2019 American Community Survey 5-Year estimates of the U.S. Census Bureau.
- (5) One acre of agricultural land represents the 2021 pay 2022 assessment of \$1,290 and no deductions or exemptions. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 2% of gross assessed value for an agricultural parcel, is applied.
- (6) Assumes no deductions or exemptions. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for a commercial parcel, is applied.

Note: Highlighted cells denote taxpayers at or above the respective Circuit Breaker Tax Credit amounts.

# Illustrative Taxpayer Impact

## Brazil – Posey Township Taxing District



			Tax Rate (1): \$3.4856	Illustrative Tax Rate (2): \$3.6040	Illustrative Tax Rate (2): \$3.8692		
	Gross Assessed Value of Property	Net Assessed Value	Illustrative Annual Property Taxes	Illustrative Annual Property Taxes	Illustrative Annual Impact	Illustrative Annual Property Taxes	Illustrative Annual Impact
<b>Residential Property</b>							
	\$50,000	\$10,000 (3)	\$170.86	\$176.66	\$5.80	\$189.66	\$18.80
	83,100 (4)	21,765 (3)	371.88	384.50	12.62	412.79	40.91
	150,000	65,250 (3)	1,114.86	1,152.71	37.85	1,237.53	122.67
	<b>1 Acre of Agr. Land</b>						
	(5)						
	\$1,290	\$1,290	\$25.80	\$25.80	\$0.00	\$25.80	\$0.00
	<b>Commercial Property (6)</b>						
	\$100,000	\$100,000	\$3,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00

(1) Represents the certified pay 2021 tax rate for the Brazil – Posey Township taxing district.  
 (2) Based on the certified pay 2021 tax rate for the Brazil – Posey Township taxing district after the impact of reducing the BPP from the assessed value.  
 (3) Includes standard deduction at the lesser of \$45,000 or 60% of home value, the 35% supplemental homestead deduction and the \$3,000 mortgage deduction. Includes the impact of the 50.9820% pay 2021 Homestead LIT PTRC. Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 1% of gross assessed value for a residential parcel, is applied.  
 (4) Represents the Median Home value for the City of Brazil, per the 2015-2019 American Community Survey 5-Year estimates of the U.S. Census Bureau.  
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