

**TUESDAY MARCH 7, 2006**  
**COUNCIL PUBLIC HEARING**  
**CEDIT TAX – INVENTORY TAX ELIMINATION**

BE IT REMEMBERED: That on Tuesday March 7, 2006, the Marshall County Council met in a public hearing at the County Building, City of Plymouth, Indiana, pursuant to the call of the County Auditor, regarding the possible imposition of a County Economic Development Income Tax to mitigate the effects of increased residential homestead taxes as a result of the inventory tax elimination. There were present, the Honorable: Fred Lintner, President; Don Morrison, Vice President; Ralph Booker, Joanne VanDerWeele, Rex Gilliland, and Bill Gee members; and Jan Quivey, Auditor. Councilman Matt Hassel was unable to attend.

The hearing was opened with the Pledge to the Flag.

Council President Fred Lintner began the public hearing with a brief summary of what the CEDIT tax is and how the elimination of the inventory tax will affect residential homestead property taxes beginning in the tax year 2006 pay 2007.

With the elimination of the tax on inventory, taxes on real estate, personal property and business personal property will increase in order to generate the same tax revenue as before. The CEDIT tax, by statute, can be imposed on the wage earners of Marshall County to offset the tax rate increases and therefore the tax dollar increase on residential homesteads that will be caused by the elimination of inventory from assessed valuation and taxation. Of the roughly \$ 2.4 million in tax revenue that is generated from inventory taxes, just under \$ 400,000 can be mitigated in the form of an additional homestead credit on residential real property taxes, and will be funded with the CEDIT. The remaining \$ 2 million of lost revenue will be made up by increased taxes on remaining non-residential property.

The CEDIT tax rate, if imposed, will be six one-hundredths of a percent (.06) and when added to the current local income tax rate of 1.25 percent the new local option income tax will be 1.31 percent. The ordinance to impose this income tax increase must be enacted and sent to the DLGF and the State Budget Agency by April 1, 2006. The collection of the tax would then begin on July 1, 2006 with the additional homestead credit and distribution to the taxing units to take place in 2007. The tax will amount to 60 cents (\$ .60) per \$ 1,000 of the adjusted gross income of wage earners. The homestead credit can be issued by either the “uniform” method or the “allocated” method. The allocated method provides additional homestead credit to the various taxing districts proportional to the amount of inventory tax eliminated. The uniform method provides additional homestead credit equally to all taxing districts.

As an example of the inventory tax elimination , the residential property taxes on a \$ 100,000 home in Plymouth would go up \$ 113.02 annually because Plymouth is where the inventory loss is the greatest (approximately fifty percent of the total county inventory assessed value is in Plymouth). The other extreme is West Township where residential property taxes would only go up \$ 5.19 on a \$ 100,000 home because West Township has very little inventory to be removed from the tax rolls. The allocated method would offset the \$ 133.02 increase in Plymouth and the \$ 5.19 increase in West Township; whereas the uniform method would provide equal homestead

credits across the board. Plymouth would not receive enough homestead credit to offset the entire tax increase and West Township would receive more than enough homestead credit to offset the tax increase.

Following this introductory statement the floor was opened for public comment from the 30 people in attendance.

Voicing their concerns and questions were several audience members including: Roger Leland, Marlene Mahler, Mike Bernero, Bob Tanguy, Ken Overmyer, Gary Cook and one individual who would not disclose her name.

Following the closing of public comment **Bill Gee moved and Ralph Booker seconded the motion to pass on first reading Ordinance 2006-05 imposing an County Economic Development Income Tax, based on the allocated method of relief, at a rate of six one-hundredths (.06) percent to mitigate the property tax effects on residential homesteads caused by the elimination of the property tax on inventory. Motion carried 6-0.**

A follow –up meeting to consider Ordinance 2005-05 on second and third readings was set for Wednesday March 22, 2006 at 9:00 am in the Council meeting room.

There being no further business **Ralph Booker moved and Bill Gee seconded the motion to adjourn. Motion carried 6-0.**

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**Fred Lintner, President**

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**Don Morrison, Vice President**

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**Joanne VanDerWeele**

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**Ralph Booker**

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**Rex Gilliland**

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**Bill Gee**

Attest: \_\_\_\_\_  
**Jan A. Quivey, Auditor**