Q: What is the definition of homestead?
A: Owner occupied primary residence up to one acre, where the owner has lived there at least 6 months and 1 day in the year.

Q: When you speak of the Local Income Tax for Property Tax Relief Credit, did that used to be called LOIT?
A: Yes, it was one of the types of LOIT.

Q: To confirm, the County Council can re-distribute LIT among the various taxing units?
A: Each of the LIT categories designates which units must receive revenue, but the Council can change the rates on each of these categories, which would re-distribute LIT revenue among the taxing units. The Council must provide notice and hold a hearing if changing the rates.

Q: Is there any portion of our "misc revenue" that isn't included in calculating unit tax rates?
A: None of the miscellaneous rates are used. Appropriations MINUS miscellaneous revenues determines the property tax levy. Gifts, grants, donations, excise taxes and Local Income Taxes are subtracted. Essentially, everything that is not supported by property tax levy is subtracted before the rate is calculated.

Q: How do delinquent taxes affect budgets?
A: That is money that is not collected. Past delinquent taxes are still due in subsequent years, so if they are paid they add to the revenue collected. But you can’t increase your levy or tax rate to make up delinquent taxes. The tax delinquency process is where a tax lien is placed on the property, and if taxes and penalties aren’t paid after a couple/few years, the property goes to auction. Generally, the process is in the property owner’s favor because local units are loathe to take people’s property. It is something to take into account. While it does not show up easily in the data, it does have an impact.

Q: As an average, libraries’ income from property taxes makes up 70% of our total income. How does that compare to the other taxing units?
A: We will send separately a slide that will address this question. It is certainly not the case for schools, which receive about 30% from the property tax, because they receive a lot of their support from the state through state aid, tuition support, grants and other funds. For the Counties, Cities and Towns, they receive some others funds (excise, state aid for roads, a little more of the Income Taxes, etc.), so property taxes are 45% to 55% of their appropriations. Probably the unit most similar to libraries in majority dependence upon property taxes are the townships, which receive 65% of their appropriations from the levy.
Q: Are you forecasting what is going to happen AV’s across the State, especially with agriculture assessments dropping and/or if there is an economic downturn?
A: Part A (farmland) – We do forecast farmland annually. Farmland assessment has dropped dramatically, will continue to drop and should begin to level out around the $1,200 to $1,300 base rate level. It will not be as sharp of a drop as in prior years. When ag land went to market value, in-use system of valuation in the 2002 reassessment, and then when we started trending, the property tax assessed value is now a little more responsive to market forces.

Part B (recession) It used to be that when the assessed value went down, the rate simply went up to achieve the maximum levy. Now, when the rate goes up, you lose more property tax credits. The property tax system is more vulnerable to recession than it used to be. From the taxpayer perspective, this is helpful in that during recession, when taxpayers may not have as much money, rates do not change as much. However, that is not as helpful to the units. Generally, recession has about a 2-yr lag on impacts on declines on assessed value.

Q: On a related topic, let’s talk about the impact of recession on Local Income Tax (LIT). On average, we know that about 23% of library revenues come from LIT, with some well over 50% of total revenues. What kind of delay or lag occurs with Local Income Tax during a recession when the unemployment rate increases?
A: In general, the impact of increased unemployment does impact LIT faster than a recession on property taxes. In the past, the state would sometimes over-estimate how much a county should receive, so LIT distributions would be reduced in future years to make up balances. Now however, the state builds in a little cushion to balances to help prevent this. The taxpayer pays their LIT to the state, and then the state determines how much to pay the county auditors. The state estimates what the county will receive based on most recent year’s collections. The state will hold 15% of distributions in balances so that counties can weather recessions. When balances exceed 15% counties get a special distribution. The important part to know is that LIT is more volatile to recession, and usually hits in a 1 to 1.5 year lag.

Q: Based on the dropped year of 2011 and lower growth quotients in coming years, we would expect the future growth quotient calculation to be less than 4% for coming years. Is that correct?
A: Yes, based on the growth rate, they are projecting about 3 to 3.5% until the next recession.

Q: What are the types of districts which are "special districts?"
A: Examples include conservancy, sewer, solid waste, fire protection district, and airport authority districts. You might also have a transportation district in urban areas.