



County council casts votes for LOIT

By **KEN de la BASTIDE**

Tribune staff writer

— After listening to public comments on taxes for three hours, the Howard County Council took the first step to implement a local option income tax that should provide property tax relief to homeowners.

The county council on Monday voted unanimously to cast its 42 votes on the Howard County Tax Council to implement a .5 percent Local Option Income Tax (LOIT). The tax could have been implemented at a 1 percent rate as allowed by state law. With the county council's action, the Kokomo Common Council and Russiaville and Greentown town councils have 40 days to act on the implementation of the new tax.

The Kokomo Common Council with 52 votes on the tax council will determine the fate of the proposed new tax.

The LOIT approved by the county council will be used to provide dollar for dollar property tax relief for residential property owners starting in 2008.

About 100 people attended the meeting at the Howard County Government Center with many speaking asking the council to consider providing the proposed property tax relief to rental units.

Councilman Paul Wyman said the estimates are that the LOIT will raise \$6.8 million for property tax relief, which should amount to 20 percent for residential property owners.

Wyman said a concern in 2009 and 2010 is if the state cuts funding to local units of government for property tax relief in the future.

"We could use the other half-percent if the state cuts the property tax replacement and Homestead credit in the future," he said.

William Brown said he wasn't a property owner or landlord and was concerned what would happen to the rent he pays once the income tax takes effect.

Lynn Sullivan, who is with the Indiana Apartment Association, said the taxes on rental properties have increased more than on residential property and the rental properties don't qualify for the Homestead Credit.

"We can't raise rents if people can't afford it," she said. "We are deferring maintenance or going into foreclosure."

Sullivan said renters will pay higher income taxes and rents.

Councilman James Papacek asked how likely would it be that rents would be lowered if property tax relief was offered to rental properties through the tax?

"I'm not sure there would be a rent decrease," she said. "Two things would happen, there would be higher maintenance done and the rates would be the same."

Dave Conwell, a manager at an apartment complex, said in the past 14 years they have had to raise the rental rates 12 times.

"Rents can't be raised to cover the costs," he said of the increased property taxes. "Our property needs help."

Business owner Tom Trine said he didn't have a problem with the proposed income tax, but urged local officials to consider consolidation of government and reduce spending.

Kokomo resident Jack Elkins said the only thing local government can do is to reduce costs and he has not heard a plan on how to accomplish that goal.

"You can recover the \$15 million in lost revenues," he said. "You need to have a team go through all operations."

Heath Vanatta said he supported the tax as a property owner and landlord.

"We need to show the state that we're willing to help ourselves," he said. "Maybe then the state will help us."

Greentown resident Debbie Cantwell said she knows something has to be done but didn't agree that most people will break even if the LOIT is implemented and property taxes are reduced.

"Our budget is stretched," she said. "We'll pay three times as much as we will save in property taxes. I'm not so sure this tax

is the way to go, but I know property taxes are getting out of hand.”

Bob McKeen said the option selected by council officials was the best one available to Howard County.

“This is a chance to provide some (property tax) relief,” he said. “Don’t raise property taxes once the income tax is implemented. Everyone should be willing to pay their fair share of income and sales taxes to bring property taxes down to a manageable level.”

Resident Wanda Christie said she supported the income tax because she is not working at the moment.

“With the increased costs of everything, it is hard to manage,” she said. “I’m considering looking for a job.”

Mike Uller complimented county officials for keeping the general fund budget in the \$20 million range for the past five years.

“Taxpayers have reached the breaking point,” Uller said. “Maybe \$20 million is not the right number, maybe it is \$16 million. People are saying they’re overtaxed.”

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Votes by the numbers:

These are the number of votes on the Howard County Tax Council for each government entity that will have a say on the proposed local option income tax to be used to lower property taxes. The votes are based on the last census data available. It takes 51 votes to approve the local option income tax.

- Kokomo - 54 votes
- Howard County - 42 votes
- Greentown - 3 votes
- Russiaville - 1 vote

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