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## Landlords seek parity on taxes

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The state should do more to hold down taxes on rental property, the chairman of a key legislative commission said Monday after a meeting at which Southern Indiana landlords held up signs demanding help with their bills.

State Tax and Financing Policy Commission Chairman Luke Kenley, R-Noblesville, said rental owners have been cut out of past efforts to cut bills for residential property, and that needs to change.

Many rental property owners serve an "important social function in terms of rehabbing certain areas in lots of communities," Kenley said. "We're discouraging them now" instead of offering them incentives, he said.

Kenley's comments came after a four-hour meeting during which property owners said they should be entitled to the same tax deductions and credits that are available to owner-occupied homes.

Real estate agent Pat Harrison of Floyd County said she and other landlords save dilapidated homes and supply affordable housing to middle- and lower-income Hoosiers.

But because the state doesn't provide them with the tax cuts available on other residential property, their bills are significantly higher.

"It's so difficult now," Harrison said.

She told the commission that the amount of tax bills "should be independent of who lives in the homes."

Harrison and about a dozen other Southern Indiana property owners frustrated by rising taxes came to Monday's meeting. Some held up signs that read, "We need tax exemptions too!"

Robert Kreutzer, who had a sign at the back of the room, said he owns two rental properties -- one each in Floyd and Clark counties. In Floyd County, where tax bills have been mailed, Kreutzer's tax bill jumped from \$345 to \$1,200.

"I can't raise the rent," he said. "They won't be able to pay it."

The landlords want lawmakers to extend the homestead exemption, mortgage exemption and homestead credit -- all available only to owner-occupied homes -- to rental properties as well.

According to attorney Thomas Atherton, who spoke representing the Indiana Apartment Association, the exemptions and credits mean the tax bill on an owner-occupied home valued at \$90,000 in Kokomo would be about \$983. That same home owned by a landlord and rented would have a tax bill of about \$2,252.

Also, the General Assembly passed a law that would begin capping residential tax bills in 2008 at no more than 2 percent of a property's assessed value. That means the owner of a home assessed at \$100,000 would not have to pay more than a \$2,000 tax bill.

But the cap applies only to owner-occupied homes. The bills for rental properties -- as well as commercial property and farmland -- will be capped at 3 percent starting in 2010.

After the meeting Monday, Kenley said he's interested in amending the law to put rental property under the 2 percent cap. But he wouldn't say whether the commission will consider extending other exemptions or credits to rental properties.

The commission is expected to begin debating recommendations next month for the 2008 session of the General Assembly.

But help may not come quickly enough for Thurman Spray, who also attended Monday's meeting. He has six properties in Floyd County and said his taxes "darn near doubled" this year.

The tenants, Spray said, can't afford the increases necessary to pay the bills.

"We are selling," he said. "One property at a time."