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Indiana REALTOR® Advocate - Special Issue

The Indiana REALTOR® Advocate is designed to keep Members updated on the Indiana Association of REALTORS® Government Affairs program so that you are equipped with information and inspiration to be an advocate for yourself, your customers and your profession. This publication may be used in whole or in part for replication if given proper credit.

1. IAR Responds to Governor Daniels' Property Tax Proposal

Through a live television broadcast earlier this evening, Governor Mitch Daniels outlined his proposal to provide property tax relief to Hoosiers.

IAR is reviewing the proposal and will provide a complete analysis to Members within the next 48 hours. Until then, some initial thoughts:

- Cut property taxes - The Governor's proposal calls for the State to take over school operating, school transportation and child welfare levies, which was the first item of the REALTOR® Property Tax Reform Agenda unveiled in September. Not only will the move provide REAL property tax relief, it will also cut out some of the overwhelming complexity of property taxes, thereby allowing taxpayers to more easily determine who is responsible for property tax spending. These cuts will be funded by a one-cent sales tax increase.
- Fix the assessment system - Second on the REALTOR® Reform Agenda was to fix the assessment system through a variety of structural changes. Governor Daniels' proposal includes two of those structural changes - the elimination of township assessors and the appointment of county assessors. This will create fewer and larger assessment jurisdictions, leading to equitable, fair market value assessments. This will also remove the political pressure from assessors, who are charged with ministerial, not policy-making duties.
- Reason for concern - IAR is concerned by the tiered circuit breaker system, a system that treats different classes of property differently and is not in line with Indiana REALTORS®' Guiding Principles for Property Tax Reform, which call for the broadest possible tax base and limited use of deductions, exemptions and circuit breakers.

More needs to be done, particularly in the area of simplifying Indiana's antiquated local government structure. IAR anticipates that to be the focus of recommendations by the Governor's Commission on Local Government Reform, which is chaired by Indiana Supreme Court Justice Randall Shepard and former Indiana Governor Joe Kernan. Said recommendations are due to Governor Daniels at the end of the year.

Finally, any time a major structural reform is on the table, the potential exists for new policy that is harmful to the real estate industry. IAR is pleased to announce that the Governor's proposal does not include a transfer tax. However, a transfer tax (and other harmful policies) may very well be revived as part of any number of legislative proposals and part of the inevitable compromise. IAR will remain vigilant in its opposition to a transfer tax.

Again, these are initial thoughts. Watch your inbox and www.GetRealIndiana.net for more detailed analysis. To view the Governor's speech in its entirety, visit www.in.gov.