

DISTRIBUTED
TCRM 1-27-14

To: President and Members of the Munster Town Council

From: David F. Shafer, IAMC, MMC, Clerk-Treasurer *DFA*

Copy to: Patricia L. Abbott, IAMC, MMC, Accounting Supervisor
Thomas F. DeGiulio, Town Manager

Date: January 27, 2014

Re: Resolution 1982, Opposing Elimination of Business Property Tax

As you are aware, Governor Pence proposed elimination of the personal property tax for businesses. The Indiana Association of Cities and Towns (IACT) is closely following the legislation now pending in the General Assembly and is acutely aware, as we all are, of the ramifications of the loss of revenue to municipalities. IACT is lobbying to have replacement revenue added to the legislation, without specifying what the source of the revenue should be.

If replacement revenue is not added, then it is likely that the levy would be spread over a smaller net assessed valuation, which means residential property taxes would increase. The governor's proposal would reduce the tax burden on businesses in favor of increasing the load on residents.

At present, municipalities have the authority to abate property taxes for businesses. Many cities and towns use abatement as a bargaining chit to lure new businesses. The proposed legislation would reduce the bargaining position of municipalities.

Supporters of the legislation would argue that eliminating the business property tax would enhance the image of Indiana as a business-friendly state, and could help diminish the "brain drain" that is often discussed. While true, there is further concern that municipalities would be forced to curtail essential services.

That these arguments may receive a proper, open vetting, IACT is asking municipalities throughout the state to adopt a resolution in opposition to the proposal to eliminate the business property tax. Resolution 1982 has been prepared for that purpose.

RECOMMENDED ACTION:

By motion and roll-call vote, adopt Resolution 1982 opposing elimination of business property taxes.

TOWN OF MUNSTER

RESOLUTION 1982

**RESOLUTION IN OPPOSITION OF HB 1001 AND SB 1 – THE ELIMINATION
OF BUSINESS PERSONAL PROPERTY TAX**

Whereas, The Town Council of the Town of Munster, Indiana, has deemed the elimination of the business personal property tax in Indiana would be detrimental to the Town of Munster without the creation of some alternate funding source for local government; and

Whereas, All property taxpayers of Munster are making an investment in the community and expect a certain level of service and growth in exchange for their tax dollars, including business and residential taxpayers; and

Whereas, The elimination of this tax without an adequate replacement would hinder Munster government from providing necessary public services such as police, fire, and street maintenance; now, therefore, be it

Resolved, By the Town Council of the Town of Munster that the General Assembly is urged to consider the impact on the budgets of local government before passing legislation eliminating business property tax.

Adopted and Resolved this twenty-seventh day of January, 2014, by a vote of _____ in favor and _____ opposed.

**TOWN COUNCIL OF THE TOWN OF
MUNSTER, LAKE COUNTY, INDIANA
By**

John P. Reed, President

Attest: _____
**David F. Shafer, IAMC, MMC, CMO
Clerk-Treasurer**