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Viewpoint: Idea for funding 911 call centers in St. Joseph County worth exploring

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A week ago, hundreds of people packed the County Council chambers to explain how important the libraries, as well as the services provided by Transpo, towns, and townships, are to them and to the health of their communities.

The council, to its credit, listened to the people. It tabled the 911 center funding proposal that would have drastically cut the budgets of these entities.

The issue remains, though, of how to fund the 911 call centers. Two alternatives are apparently being considered, one to raise the local income tax rate and one to cut the budgets by a smaller amount.

But what if there is another funding possibility, one that doesn't threaten services that people depend on, and in fact lowers tax rates? That possibility centers on New Carlisle, but it requires some explanation.

A few weeks ago, the County Council chambers were again filled. The people there were upset, concerned that the industrial development planned for the New Carlisle area would ruin farming livelihoods, pollute the environment and undermine the quality of life.

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That industrial development is being funded by a tax increment financing district. A TIF district captures the revenue from taxes on the assessed value of new property in

its geographical area. In so doing, it diverts money from the taxing units, like the county and the libraries, and spends that money within the district (usually on infrastructure projects).

The County Redevelopment Commission, appointed by the County Council and the County Commissioners, makes decisions affecting TIF districts. According to state law, the Redevelopment Commission is required to report in writing to the county auditor and each applicable taxing unit each year if there is any available surplus of TIF assessed value that can be “released” to the other taxing units.

So what if the County Council recommended to the Redevelopment Commission that it slow down the industrialization of New Carlisle and release some of the assessed value in the New Carlisle TIF district? The financial implication of this decision would be that each taxing unit that intersects with New Carlisle, e.g., the town of New Carlisle, Olive Township, and, importantly, the county, would have a higher assessed value from which to tax.

This would lead to lower tax rates because the state tells each taxing unit the maximum amount, called the levy, that it may raise each year in property tax dollars; the tax rate is then determined by dividing the levy by total assessed value. With a higher assessed value and a fixed levy, the tax rate declines. A lower tax rate for the county is significant because it is included as a component in the overall tax rate for everyone who lives in the county.

So far this process has not raised any additional revenue that could be used to fund the 911 call centers. However, this is where the property tax caps come in.

The effective property tax rate for taxpayers in Indiana is capped at 1% of gross assessed value for homestead properties, 2% for rental and agriculture, and 3% for commercial. If the stated tax rate times the assessed value is greater than the tax cap rate, the amount of the overage is not paid by the taxpayer — and that amount of revenue (called the circuit breaker credit) is lost to the taxing unit. It represents a part of the taxing unit’s levy that it is unable to collect.

However, if lower tax rates can bring down the rate to below the cap, it is a “win-win” situation: the taxpayer pays less and the taxing unit is able to recapture some of the revenue lost to the circuit breaker credits. This is now “extra” revenue that can be used to fund the 911 call centers.

Of course, more investigation is needed to determine the amount of this extra revenue. However, any time you have a source of funding for the 911 call centers that lowers tax rates instead of raising them, that does not cut the budgets for needed library and other essential services, and that addresses the real concerns of county residents concerned about their quality of life, it seems that it is certainly worth investigating.