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October 29, 2008

It's all about experience.

The Honorable Gary Herbert
 Mayor, City of Greensburg
 314 West Washington Street
 Greensburg, Indiana 47240

RE: Illustration of the Compact Fee Calculation

Dear Mayor:

To help avoid confusion regarding what's intended from the compact fee, we've prepared the following information. The first table shows the Pay 2007 tax rates that a property owner in the City of Greensburg or in Washington Township would be subject to. As you can tell from the table, part of the taxpayers' tax bill goes to the State, the county, the township, the school, library, and if you are in the City of Greensburg, the City, as well as any special taxing districts. For Pay 2007, a city taxpayer was subject to a total tax rate of \$2.45 of which approximately 65¢ was attributable to the City of Greensburg. We don't have the certified tax rates for all the taxing units for Pay 2008, but we know the City's will be approximately 71¢.

	Pay 2007	
	Washington <u>Township</u>	City of <u>Greensburg</u>
Total state taxes	\$0.0024	\$0.0024
Total county taxes	0.4522	0.4522
Total township taxes	0.0656	0.0008
Total school taxes	1.2300	1.2300
Total library taxes	0.0232	0.0876
Total city and town taxes	0.0000	0.6519
Total special taxing district	<u>0.0180</u>	<u>0.0200</u>
Grand total current taxes	<u>\$1.7914</u>	<u>\$2.4449</u>

Using the information we have for Pay 2007 tax rates, the following is an example of a home with a market value of \$125,000, would pay in the way of a Compact Fee to the City of Greensburg.

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Assumed market value		\$125,000
Less: Homestead & mortgage deduction		<u>(48,000)</u>
Net assessed value		77,000
City of Greensburg Pay 2007 tax rate	\$.6519	
Reduced by PTRC @ 23.4003%	(.1525)	
Reduced by State Homestead Credit @ 12.1594%	(.0793)	
Reduced by CEDIT Homestead Credit @ 6.8607%	<u>(.0447)</u>	
Net tax rates (per \$100 NAV)		<u>.3754</u>
Total City tax bill	\$	289
Adjusted for Compact Fee		<u>55%</u>
Annual Compact Fee	\$	<u>158</u>

Using the Pay 2007 numbers, the property owner would pay a compact fee of approximately \$160. We know the Pay 2007 City rate is going to be about 6¢ higher, so for Pay 2008 the compact fee would be about \$20 more than the \$160 we've calculated.

I hope this information is helpful in clarifying any misunderstandings regarding the magnitude of the proposed compact fee. If there are any additional questions, please don't hesitate to contact me.

Very truly yours,

UMBAUGH



John D. Julien

JDJ/jf

cc: Ms. June Ryle, Clerk-Treasurer
Mr. Matthew D. Bailey, City Attorney