

## **A Fair Field, with No Favors**

It is extremely difficult for the average local property tax payer to even begin to understand all the public policy decisions that ultimately affect what they pay in taxes. Faced with an alphabet soup of TIF's, UEZ's, CRED's, ERA's, and others, the normal, even rational, reaction is to shrug and hope that someone knows what they are doing.

In the case of all of them, and the Urban Enterprise Zone (UEZ) in particular, these policy decisions significantly impact you as a property tax payer. Because the UEZ is a matter that will be decided by the Terre Haute City Council, many property owners outside the city limits believe it will not impact them. They would be wrong. It will affect all taxpayers and property owners in Terre Haute and Vigo County and it will affect them right in the wallet.

Because of the new rules for a UEZ, set forth by the state legislature, substantial advantages will be bestowed to all property owners within the UEZ. Now, while that may be a very good thing for the "chosen" property owners, it will come at a heavy price to every other property owner in Terre Haute and Vigo County.

The shift occurs because of the nature of property taxation. When an entity, be it the city, the county, or the school corporation determines its revenue demands (its budget), that puts in place one part of the equation. Next, the assessed value of the property that will bear this revenue demand is determined. It is here that the shift occurs.

Abatements, TIF's, UEZ's all share the common characteristic that they artificially keep some assessed value out of the tax base that pays the revenue. The units that decide how much they need, get a tax rate that will produce that amount of money from the tax base (officially called the Net Assessed Value or NAV). Any property owner with assessed value that is abated or shielded by a TIF or UEZ will not bear the burden.

The burden will be shouldered by those unfortunate property tax payers who did not get picked as a winner, automatically making them a loser in the economic development game. It does not matter that you are a county taxpayer or city taxpayer. All property taxes to all local entities are shielded by the shift and must be picked up by all those left to pay. It is legal, it is commonly used, but I seriously doubt one can make the case that it is moral, ethical, or in any way, a proper function of government.

What makes the UEZ so different from all the abatements and TIF's already granted? Well, nothing really in both principle and how it works. It is the sheer size of the shift, the removal of oversight by elected officeholders, and the ease of manipulation that causes even supporters of abatements to pause and gasp a little. What abatements and TIF's do in aggregate, the UEZ will do in one fell swoop and to an even larger degree above and beyond current incentives. If you own property outside of the UEZ, you will see the results when you get your property tax statement. Inside the UEZ, unless you understand how it works and engage in the manipulation, you will also see another rise in your taxes.

Even if you want to assume that these interventions by government work to create economic development (and that is a very dubious assumption) it does not change the actual effects as I have stated them. It is a truism that government has nothing to give anyone that it must first take from someone else. This is not some anti-government diatribe but simply an acknowledgement of reality. The reality with this public policy

decision is the City Council, if it affirms the UEZ, will give a lot to some while taking away much more from all the others.

If you are one of the “others”, it’s time to say something. It is time to point out to elected officials and economic development folks that the best interests of all citizens and taxpayers are served by a *fair field with no favors*. It is even the best long term approach for growth and opportunity for those who might have been the chosen winner! True economic development, true potential for our city, is in the free and unfettered exchange between each of us. When each of us has the liberty to seek opportunity as we see fit with our own money and property, all of us will gain when that opportunity is realized.

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