

Governor Kernan Should Call a Special Session of the Indiana Legislature to Solve the Property Tax Crisis

by Woodrow Wilcox

Alma Podgorski is a sweet, elderly lady who has a very bitter problem. Lake County tax collectors want 75% of her total annual income to pay for property taxes on her 70 plus year old Hammond home that is falling apart.

Last year, Alma Podgorski's property taxes were less than \$200 for the year. But, this year, with the property tax reassessment, her tax bill is almost \$6,000. Alma Podgorski is 67 years old and her only source of income is a Social Security Disability check for \$667 per month. So, her annual income is only \$8,004 and her new Lake County property tax bill is almost three fourths of her entire annual income.

Alma is upset. She doesn't know what to do. She doesn't know where or how to get money to pay such a huge tax bill. If she does not pay the tax, her home—the home in which she spent her childhood—could be sold at a county tax auction.

All this stress has affected Alma. She recently became ill and went to a hospital. There, doctors discovered that she had developed an ulcer in her esophagus and another in her stomach. Alma did not have the ulcers before she got her property tax bill. The saddest part about this story is that there are thousands of people like Alma Podgorski in Lake County who are being put under enormous stress by the new property taxes. People with mortgages are in even more danger of losing their homes because banks add the property taxes to the mortgage payments. Foreclosures don't take much time in Indiana.

Dramatically raising property taxes hurts all property owners. But, it especially hurts senior citizens. Senior citizens have little or no options for increasing their income to pay higher property tax bills. They are on fixed incomes. Some have savings. Some can work a bit. But, most senior citizens can't increase their income dramatically to pay a steep increase in property taxes. Is it really in the public's interest to tax senior citizens from their homes? I don't think so.

Some people are blaming the Indiana Supreme Court for bringing this dilemma to Alma and others. But, the Indiana Supreme Court simply ruled that the old property tax system in Indiana was unfair and unconstitutional. Then, the Indiana Supreme Court told the Indiana legislature to write a new property tax system law that would be both fair and constitutional. That is all that the Indiana Supreme Court did.

Some people are blaming Governor Joe Kernan for the problem. But, Kernan was not the governor when the new property tax laws were written or signed into law. He was the Lieutenant Governor at the time. He could not sign anything into law then. But, he can do something RIGHT NOW to help Alma Podgorski and the thousands of people like her.

Governor Kernan has the authority to call a special session of the Indiana legislature to change the new property tax laws so that thousands of senior citizens and other property owners will not be hurt. If the governor waits until the regular session of the Indiana legislature next year, Alma and others might have already lost their homes at the county tax sale or foreclosure. Something must be done NOW to rescue thousands of property owners from financial (and personal health) disaster.

State legislators won't like being called into a special session. None of the incumbent office holders will want to be stuck in the state capitol while their opponents are free to campaign against them. So, calling the special session now is the surest way to get the state legislators to change the law quickly. A quick change in the property tax law is exactly what Alma Podgorski and other property owners need.

It is only right that the state legislators be forced to rewrite the property tax law before more people are hurt. After all, it was the state legislators who wrote the law that is now hurting so many people—especially in Lake

County. According to Lake County Assessor Paul Karras, every incumbent state legislator from Lake County voted for the current property tax laws that are hurting so many Lake County property owners.

The new property tax laws required that all the elected Indiana assessors outside Lake County reassess property in their areas. But, in Lake County, no elected assessor was allowed to reassess property. Instead, a special state agency in Indianapolis (the Department of Local Government Finance) reassessed the property of the big four industrial property owners in Lake County under one appraisal-assessment tax formula that gave the big industries really big tax savings. A private outside company from Ohio (Cole, Layer & Trumble or “CLT”) was hired to reassess all the other property in Lake County under a different appraisal-assessment tax formula that caused an increase in property taxes for many Lake County properties, especially Calumet Township and North Township properties.

A community group from the Miller area of Gary has sued over the new property tax assessment system, claiming that it is unfair and unconstitutional. That case is now before the Indiana Supreme Court.

Ironically, a month before representatives of the Ohio company walked past Alma Podgorski’s home and appraised it for \$126,200, Alma had a professional appraisal done for a mortgage application. The professional appraiser estimated the value of her home at only \$80,000. Alma Podgorski doesn’t believe that her property’s value increased by \$46,200 in just one month. The difference was caused by the different ways the two appraisals were made. The professional appraiser for the bank toured the property inside and outside. The Ohio company’s “appraiser” walked by, snapped a picture, and left. If the “appraiser” from the private Ohio company had toured the house, he would have discovered many things in need of repair. But, Alma Podgorski didn’t have the money to repair the home. Now, she doesn’t have the money to pay the property taxes. Later, she may not have her home if the property tax crisis is not solved before she loses her home. Time is running out. Alma could not pay the nearly \$3,000 installment on her property tax bill which was due last July.

Governor Kernan has proposed a loan of up to \$15,000,000 from the state to various Lake County government entities so that no Lake County home owner would have to pay more than two percent of the value of property for a property tax. That’s a nice proposal, but there are several problems with it. Here’s a brief list of some of the problems with Governor Kernan’s proposal. (1) This is only a loan. How will the loan be repaid -- with even more taxes? (2) It is a loan for this year only – an election year. What will happen next year? Will the “loans” keep coming or not? (3) The proposal only covers home properties. It does not cover rental properties or small business properties. Will taxes be increased on the other properties to pay for the loans that favor home owners? (4) This is only a proposal in an election year. Many times, proposals made before an election are forgotten or severely modified after an election. (5) There is the question of whether the two percent limit will be based on a real appraisal or a “walk by and take a picture” appraisal. (6) There is no guarantee that the legislators will quickly pass the governor’s proposal into law when they meet at the regular legislative session next spring. (7) Alma, and thousands like her, can’t wait until next spring. They are in danger of losing their homes this year.

Governor Kernan can not be held responsible for creating the property tax crisis in Lake County. But, he can be held accountable for what he does or does not do now. If he calls a special session of the state legislature and challenges the legislators to change the property tax laws in order to fix the problem, then the governor will have done the most that he can do. But, if Governor Kernan does not call a special session for that purpose, I don’t think that he will get Alma Podgorski’s vote in the fall election.

Please, join me in urging Governor Kernan to call a special session of the Indiana legislature to change the property tax laws to fix the problems and solve the property tax crisis. Here’s how to contact the governor:

Governor Kernan’s Office: Phone 317-232-4567; email: www.in.gov/gov

Regular Mail Address: State Capitol, Room 206, 200 W. Washington St, Indianapolis, IN 46204

Woody Wilcox is a freelance journalist and author from Lake County, Indiana.

Feel free to photocopy and distribute this flyer.

Author’s note: This was written in 2004. Governor Kernan did not call a special session of the state legislature, and Governor Kernan lost the election in the fall.