

Paybacks are costly

Extra payment leaves county with a bill

By **PAT HUGHES**

Star staff reporter

Few would disagree that \$242,000 is one whopping tax bill.

With the financial problems plaguing Delaware County the last several years, that much money could have been put to good use. But it's money that Delaware County is going to have to pay back.

Officials of Associates Leasing of Dallas realized last year that Associates and

Burlington Motor Carriers, whose national headquarters are in Daleville, had each paid 1993 taxes on property Burlington leased from Associates. Associates filed for a refund this year.

Buddy Hopper, manager of the property tax department for Associates, which leases cars, trucks and construction equipment, told The Star in May that the mistake was "just an error that happened."

"We paid, and the client paid," Hopper explained. "We did not have knowledge of that until we started billing the client, and they said they already paid. Basically, it

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would be double assessment and double taxation."

Associates could have demanded that the refund be paid all at once — with interest, according to Donna Patterson, a deputy county auditor.

But because Associates made the mistake, the company agreed to waive the interest and allow the county to pay the refund over 3 years.

Attorney Gregory Huffman, who is local counsel for Associates, said he had discussed the situation with Jeffrey Bouldin, the director of a company in Texas that files taxes for Associates. Huffman said Bouldin was concerned over the impact the refund would have on Daleville Community Schools and the town of Daleville.

"He didn't want to inconvenience the taxing authority unnecessarily," Huffman said.

According to the agreement, the county will deduct \$70,000 from this year's December tax draw and

\$86,000 each from tax draws in 1996 and 1997.

Daleville Schools will be hit hardest by the loss of revenue: The school system's share makes up 51 percent of the total. This year, Daleville schools will lose \$35,857 in anticipated revenues.

But even so, Supt. Teresa Eineman said the school system would be able to deal with the loss. The fact that the money will be paid back over 3 years has lessened the impact.

"We will not see an impact on educational programs," Eineman said.

The 1996 school budget will be 1 percent less than '95 to make up for the lost revenue. The total budget is \$5 million; \$3 million is in the general fund.

In addition to the schools' loss of almost \$36,000, the town of Daleville will lose \$13,400; the county, \$19,000; Salem Township, \$613; the solid waste district, \$439; the county airport, \$147, and the state, \$50.

The county will split the loss of \$19,000 among 12 funds.

■ Star staff reporter Kim Zollman Rendfeld contributed to this report.

**An even-bigger bill
could await county**

By PAT HUGHES

Star staff reporter

An agreement for Delaware County to pay Associates Leasing of Dallas a \$242,000 tax refund in installments rather than a lump sum has helped to lessen the financial impact.

But the terms might not be so friendly when the county has to repay nearly \$500,000 in taxes paid by ABB Power T&D Co. and Pitney Bowes Credit Corp.

A misunderstanding between ABB and Pitney resulted in both companies paying the same tax on personal property Pitney Bowes leased to ABB in 1992-93. ABB has filed a request for a refund of \$418,000, and Pitney has asked for a refund of \$74,500.

Delaware County officials denied the refund because the overpayment was not the county's fault. The companies filed an appeal with the State Board of Tax Commissioners, and a ruling on that appeal is expected within a few weeks.

If the state decides the county must make the refund, the county might have to pay 6-percent annual interest, which on \$492,500 would amount to \$29,500 a year. The money would be deducted from the December tax draw.

Last year, the December tax draw was \$5.5 million. Muncie Community Schools receives the highest portion of the tax draw. The school system stands to lose \$170,000, plus interest on the money.

The city of Muncie would lose more than \$128,000, Delaware County more than \$113,000 and the Muncie Sanitary District more than \$35,000.

Indianapolis attorney Larry Stroble, who represents ABB and

Pitney, said it was customary that refunds be paid in the year they were ordered. He said he could not say whether the companies would agree to take the refunds in installments, as Associates did, or waive the interest.

Paying for it later

Extra payment of tax catches up with town

By PAT HUGHES

Star staff reporter

DALEVILLE — An accounting error that had two companies paying the same tax on the same property has caused turmoil in this small town in southwestern Delaware County.

Officials of Associates Leasing of Dallas realized last year that Associates and Burlington Motor Carriers, whose national headquarters is in Daleville, had each paid in 1993 the same tax on property Burlington leased from Associates.

"It's just an error that happened," said Buddy Hopper, manager of the property tax department for Associates, which leases cars, trucks and construction equipment nationwide.

"We paid, and the client paid," Hopper said. "We did not have knowledge of that until we started billing the client and they said they already paid. Basically, it would be double assessment and double taxation."

Hopper said Associates discovered the same thing had happened with maybe 15 other common carriers in Indiana.

"We have already received numerous refunds from other counties in the state," Hopper said.

He said Associates had asked for a refund of up to \$173,000 for taxes paid twice in 1993 to Delaware County.

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Daleville

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Paul James, president and chief executive officer for Burlington, said Burlington had no control over accounting problems at Associates.

"We're not at the root of this," James said. "It's a decision Associates Leasing made. We really can't control what they do."

The accounting error has cost Daleville \$1.3 million in assessed value and has caused its 1995 property-tax rate to increase 66 cents to 2.6247.

The drop in assessed value has affected all governing bodies of Daleville, but it probably has hit Daleville Community Schools the hardest.

Supt. Teresa Eineman estimated that the schools received \$174,000 less than they had expected in property tax revenue, a major source of local school funds. The school system lost that money because Associates did not pay \$192,661 in taxes due in 1994. Associates did not file a tax return this year in Delaware County.

It might seem logical that the school district's revenues would increase with the recent boom in new business, particularly from the \$40-million Indiana Factory Shops and \$2-million Traders Country Village, which look at each other from opposite sides of Interstate 69 just south of Ind. 67.

But because both developments are in a tax-increment financing district, which means tax revenue from those projects go to pay for road and utility improvements, neither the school district nor the town will receive extra revenue.

Any revenues over the original tax base generated in an area designated a TIF district go to the TIF fund. Money from the TIF district in Daleville will pay for the town's new water and sewage systems. No

property taxes paid by the residents of Daleville will be used to pay for either project, which total more than \$2 million.

Bonds on those projects will take up to 20 years to pay off, said Town Council Vice President Robert Huffman. After the bonds are paid, he said, the tax revenues could revert back to property taxes for Daleville, unless it chose to fund other infrastructure projects with TIF funds. He said Daleville eventually planned to build its own water tower and treatment plant.

The drop in assessed valuation caused a 66-cent increase in the town's tax rate, resulting in Daleville having the second-highest tax rate in the county, topped only by the city of Muncie.

The tax increase has also caused accusations to fly among members of the town council.

Council member David Shellabarger implied during an April meeting that the tax increase was partially the fault of action taken by other council members.

Shellabarger, who has been on the council since 1982, said it was his opinion that some board members were working hard for the town, while others were putting on a "tremendous amount of pressure" to raise taxes.

He questioned how many police officers and cars Daleville really needed. He also said that Daleville paid the total cost of dental and health insurance and retirement benefits for town employees. He said most towns required employees to pay part of those costs.

"If we could eliminate some sacred cows, ..." Shellabarger said.

Sharon Clymer, town clerk, said the board agreed in 1993 to pay the benefits for employees in lieu of a raise that year.

Shellabarger's statements were an apparent response to several accusations made by Huffman during the council's March meeting.

Huffman's comments had followed the publication of a letter to the editor in local newspapers expressing concern over the town's high tax rate. The letter was signed by Shellabarger and another council member, Mike Murphy.

"If this pace continues, Daleville will soon have the highest tax rate in the county," the letter said.

"What Shellabarger and Murphy would have you believe," Huffman said at the town's March meeting, "is three members of this board raised your taxes. That's not true."

He then recommended that both Murphy and Shellabarger be voted out of office, and he accused Shellabarger of being on the council purely as a status symbol.

It was an allegation Shellabarger sternly denied. He also said that he had put many extra hours into the job, despite the fact that he works up to 10 hours a day at his regular job.

As tensions grow, the town will find its problems resulting from the accounting error are not over.

Delaware County Assessor Gary Carmichael said the county would probably deny Associates's request for a refund. He said Associates could then appeal the decision to the state.

Carmichael said that the problem was not caused by a mathematical error on the part of the county, but by Associates itself.

He did say that it often was the position of the state that the business was entitled to a refund.

And if that happens, said Donna Patterson, a deputy auditor for Delaware County, Daleville and any other governmental agency that received a percentage of those taxes will have that amount subtracted from whatever amount it is to receive in a December tax draw.

Staff reporter Kim Zollman Rendfeld contributed to this report

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	2x6 R-Cedar \$10 3/16 1/8	56	2.02	113.12
				196.56
	<div style="font-size: 2em; font-family: cursive;"> J. W. L. #943 </div>			
			TAX	Exempt 196.56

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DALEVILLE MUNICIPAL PARK
BOARD MEETING
AUGUST 9, 1995

Call to order at 6:10 p.m. at the Daleville Town Hall. Roll call is taken with all present except Mike Murphy.

Gary McManus from Historical Alliance submits a plan for the original school log house. Gary is going to contact Scott Zimmerman for additional information, designs for outdoor displays and shape of building. He will come back before the board at a later date with such information.

Steve Ake asked for objections for moving the old Marathon Station, across from Steve Sargent's pole barn for remodeling. Steve Ake suggested going to Findley, Ohio to the main Matathon company to get information on restoring old building. Vote was made to move the building, all yes votes, one absent. Vote passed.

Official officers of Daleville Municipal Park are as follows. Jiggs Maddox, Chairman appointed by Daleville Town Council. Mike Baker nominated Steve Ake for Vice-President. Herschel Musick seconded. Roll call vote was taken, all yes votes, one absent. Vote passed.

Tammy Baker nominated for secretary. Roll call vote taken, all yes votes, one absent. Vote passed.

Steve Ake spoke with Joe Morrison from Burlington in reference to have access to dirt and how much will be available for us. Steve will get back with the Board, once he knows how much dirt Burlington will allow. He has already made arrangements to have gravel for basketball courts, set, and dumped back behind town hall.

Discussion on fund raisers. Three options discussed. 1. Raffle off a trip. 2. BarberShop Quartet. 3. Basketball Tournament. Mike Baker is checking into having tournament at school, and what arrangements need to be made. Will report back to the Board.

Meeting adjourned: 7:30 p.m.