



# McCordsville Redevelopment Commission

## TIF Report Presentation (IC 36-7-25-8)

June 1, 2021



## McCordsville Redevelopment Commission

- Alex Jordan, President
- Shelley Haney, Vice President
- Brian Hurley, Secretary
- Donetta Gee-Weiler
- Brandy Stepan
- Larry Longman
- Shannon Walls, School Board Advisor
  
- Staci Starcher, RDC Treasurer / Clerk  
Treasurer
- Tonya Galbraith, Town Manager

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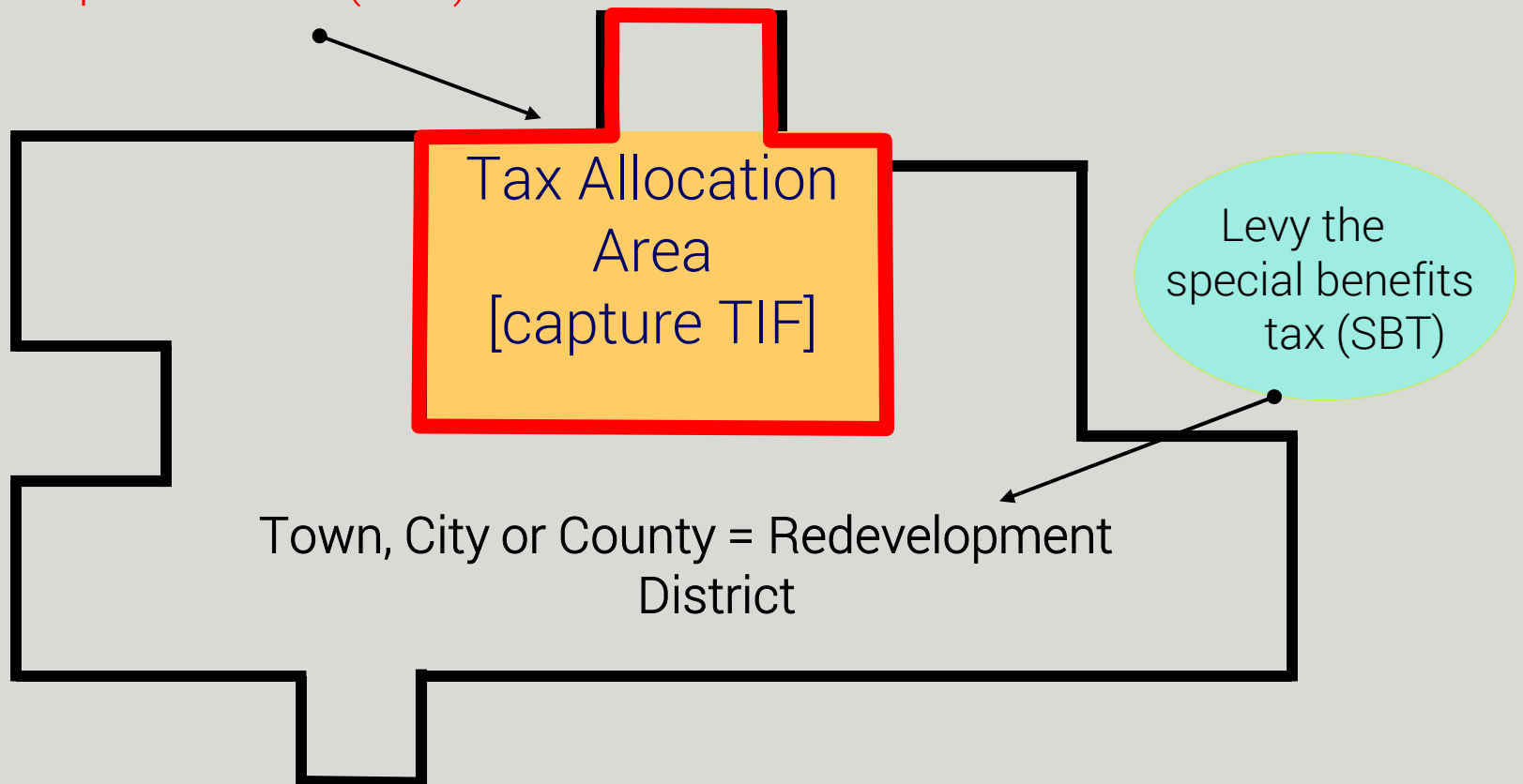
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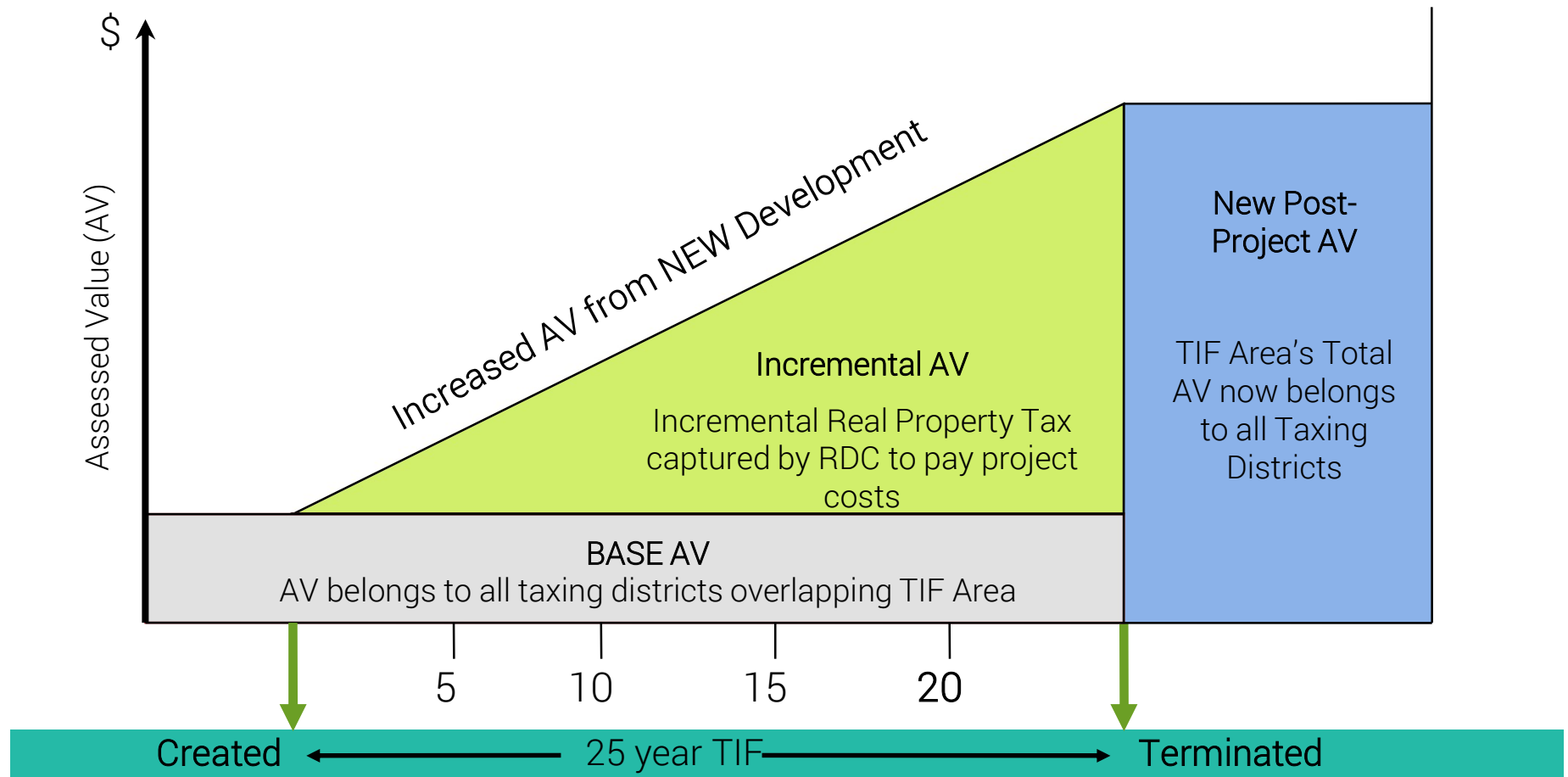
## Redevelopment District and TIF Areas

Economic  
Development Area (EDA)

Boundaries – 3 Levels



## TIF Mechanics



# Expiration of TIF Areas

Can separate and re-establish TIF Areas

Can expand and connect TIF Areas

Be careful when setting boundaries to avoid unexpected TIF loss

If Allocation Area is getting close to expiration, be sure to analyze the impacts of the release of assessed value to the overlapping taxing units.

| Date Alloc. Area Established  | Expiration Date   |
|---|---|
| TIF area is established <u>before</u> July 1, 1995.                   | TIF expires the <u>later</u> of 2025 or following the final maturity of obligations outstanding as of July 1, 2015. |
| TIF area is established <u>between</u> July 1, 1995 and July 1, 2008. | TIF expires 30 years <u>after</u> the adoption of the Declaratory Resolution.                                       |
| TIF area is established <u>after</u> July 1, 2008.                    | TIF expires 25 years after the date the first obligation payable was incurred.                                      |

# Brookside Allocation Area

## About the Area

- Allocation Area No. 1 Created: March 8, 2007
- Allocation Area No. 2 Created: April 2, 2009
- Consolidated and Expanded: December 6, 2012
- Expires: March 8, 2037 (Original Area)

|                      | Pay 2020  | Pay 2021 |
|----------------------|-----------|----------|
| Estimated Annual TIF | \$30,800* | \$36,320 |

\*Actual collections were \$21,762.

# HRH Allocation Area

- Created: October 16, 2014
  - Single parcel broken out of Brookside Area
- Expires: December 4, 2039
- Purpose: Incentive for Hancock Regional Health's Wellness Facility
- Captures TIF from new Wellness Facility and the HRH Medical Office Building

|                      | Pay 2020   | Pay 2021  |
|----------------------|------------|-----------|
| Estimated Annual TIF | \$228,760* | \$269,120 |

\* Actual collections were \$228,761.





# HRH Allocation Area

## Outstanding Obligation

### Economic Development Revenue Bonds, Series 2014 (HRH Project)

- \$2,130,000 issued / \$1,951,998.33 outstanding
- Final maturity: August 1, 2039
- HRH purchased the bonds
- Bonds are repaid with HRH TIF
  - TIF Pledge: RDC keeps first \$15,000 of each semiannual distribution

|                |                                | Pay 2020  | Pay 2021  |
|----------------|--------------------------------|-----------|-----------|
| Receipts:      |                                |           |           |
|                | HRH TIF                        | \$228,760 | \$269,120 |
| Disbursements: |                                |           |           |
|                | To RDC Allocation Fund         | (30,000)  | (30,000)  |
|                | Trustee fee                    | (1,000)   | (1,000)   |
|                | Debt Service - current payment | (129,642) | (163,875) |
|                | Debt Service - past-due amount | (68,118)  | (74,245)  |

# HRH Allocation Area

## Outstanding Obligation (Cont'd)

### Economic Development Revenue Bonds, Series 2014 (HRH Project)

- TIF pledge is limited to 100% of debt service, subject to reimbursement
- Any unpaid principal and interest due on the 2014 Bonds that remains unpaid due to the TIF shortfall will continue to be owed until the earlier of
  - Full payment of the 2014 Bonds
  - Last TIF Revenue distribution on 12/31/2039
- Amortization is recalculated each year based on unpaid principal and accrued interest owed
- In 2015 – 2017, there was insufficient TIF (due to project delays) to make full bond payments

|                  | Past Due Amounts |
|------------------|------------------|
| Unpaid principal | \$76,998.33      |
| Unpaid interest  | 708.04           |
| Accrued interest | 3,803.23         |
| Total past due   | \$81,509.60      |

# Broadway Allocation Area

## About the Area

- Created: July 3, 2014
- Purpose: TIF to fund Town Center Improvements

|                      | Pay 2020   | Pay 2021    |
|----------------------|------------|-------------|
| Estimated Annual TIF | \$201,780* | \$183,400** |

\*Actual collections were \$201,778.

\*\*Decrease in estimated TIF due to Meijer's lower assessed value resulting from a settled appeal.



# Aurora Allocation Area

## About the Area

- Created: October 6, 2020
- Purpose: Fund the construction of Aurora Way

| Taxes Payable Year | Estimated Tax Increment |
|--------------------|-------------------------|
| 2023               | \$73,890                |
| 2024               | 97,720                  |
| 2025               | 111,550                 |
| 2026               | 149,210                 |
| 2027               | 205,700                 |
| 2028               | 224,540                 |
| 2029               | 262,200                 |
| 2030               | 299,860                 |
| 2031               | 337,520                 |
| 2032               | 375,190                 |
| 2033               | 450,510                 |



# 2020 Economic Development Plan

- Priority of improving transportation along major roadways, focusing redevelopment attention along the “Old Town” Commercial Corridor and encouraging annexation of adjoining properties.
- Brookside TIF Area
  - Identified developable sites including, neighborhood commercial, mixed-use, medical office, grocery and wellness uses.
- Broadway TIF Area
  - Infrastructure improvements, including underpass under CSX tracks and Mt. Comfort Road (CR 600W)
  - Identified numerous developable sites along Broadway

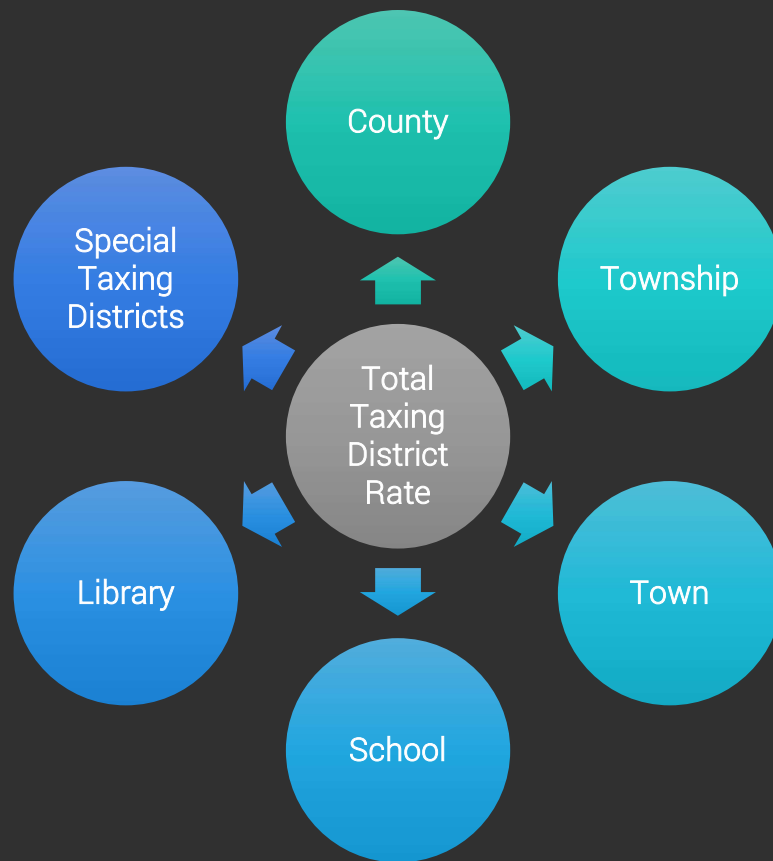
# McCordsville Downtown Plan

- Concept plan for the development of a Town Center in McCordsville
- Goals
  - Develop a unique identity and character
  - Form a connected, walkable town center
  - Enhance community economic development opportunities
  - Grow a diversified tax base

# Impacts

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# Overlapping Taxing Units





## IMPACT of TIF

### Does TIF take away funds from other units?

- If the increased assessed value from NEW developments would not occur “BUT FOR” the TIF incentives, then, it CANNOT be “LOST” to the other taxing units.
- TIF *postpones* adding new assessed value to the tax base, which postpones the reduction in tax rates for funds with levy limits and postpones increased revenues from funds with rate limits; and postpones reduction in circuit breaker credits.
- During TIF capture, other taxing units may immediately benefit if personal property AV is not captured; if a portion of the TIF AV is passed-through to other units; new jobs and wages may increase local option income tax revenue.
- After TIF ends (or if there is surplus pass-through), the increased assessed value is added to the tax base of all the taxing units.

## Does TIF shift revenues from overlapping taxing units to TIF Districts?

No loss or shifting if the “but for” test is satisfied

No loss or shifting if there are no other means to fund the incentives or infrastructure besides TIF

No loss or shifting if TIF District funds the purpose for which it was intended; and does not continue to exist after the infrastructure is fully funded

# Does TIF take away funds from schools?

- School educational expenses are largely funded by the State
  - State funding is based upon *student enrollment*
- Operations Fund and Debt Service Funds are Levy Limited
  - No revenue impact from TIF capture
  - TIF capture postpones reduction in tax rates
- Taxpayers' Property Tax Caps reduce School Funding
  - Circuit Breaker loss only if TIF does not meet “but for” test
- Referendum-approved levy includes TIF Value



## Examples: TIF to help Schools:

- Training programs
- Transportation center
- STEM programs
- Safety/ Security
- Computers
- Personal Property AV growth
- Pass-through excess TIF AV

# How Property Tax Caps Work

- Computed property tax bill is compared to the “cap”
- Taxes over the cap are simply not paid
- Shortfall in property taxes collected and distributed to taxing units
- Circuit breaker credits are allocated to taxing units based on the percentage of overall tax district tax rate. Revenue shortfall for all taxing units

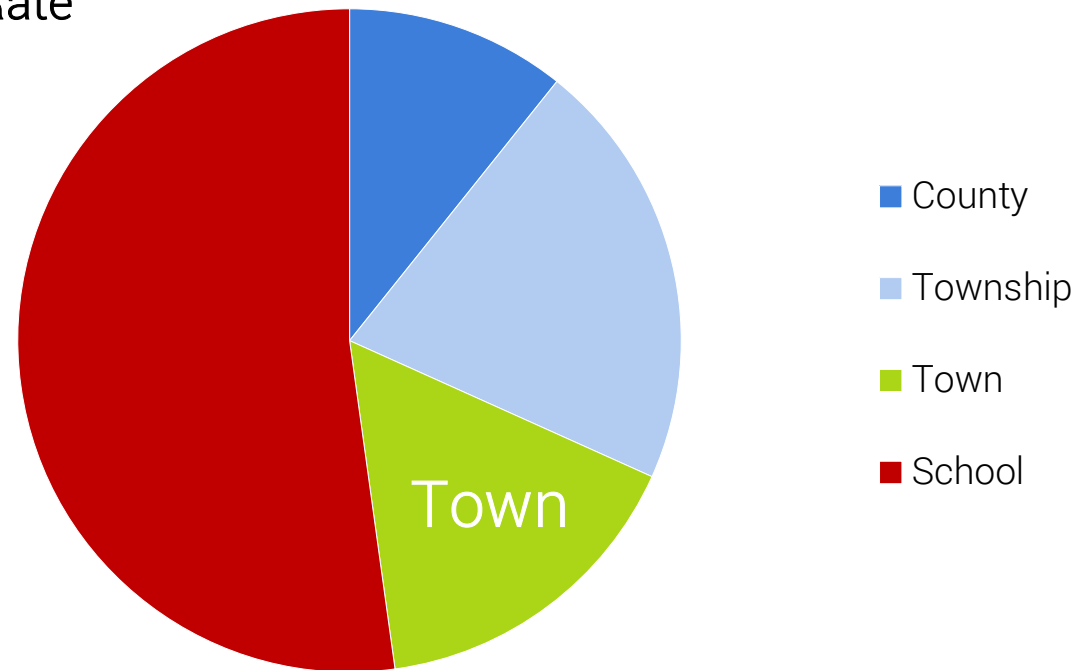
# Town of McCordsville

## 2021 Circuit Breaker Credits

|                 | 2021 Lost Revenue |                       |
|-----------------|-------------------|-----------------------|
|                 | General Fund      | Motor Vehicle Highway |
| Gross Levy      | \$848,681         | \$1,385,510           |
| Circuit Breaker | (204,772)         | (334,299)             |
| Net Levy        | \$643,909         | \$1,051,211           |

Economic development ultimately benefits all taxing units by attracting new business and private development, growing property values and local income tax revenue, and reducing 'tax cap' revenue loss. All taxing units contribute to future economic growth.

Tax Rate



# TIF Report Presentation

June 1, 2021



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