



McCordsville Redevelopment Commission

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



now joined with
Springsted and Umbaugh

June 6, 2019



McCordsville Redevelopment Commission

- Suzanne Short, President
- Donetta Gee-Weiler, Vice President
- Shelley Haney
- Brian Hurley
- Michael Jarrell
- Shannon Walls, School Board Advisor

- Tonya Galbraith, RDC Staff / Town Manager
- Cathy Gardner, RDC Treasurer / Clerk Treasurer

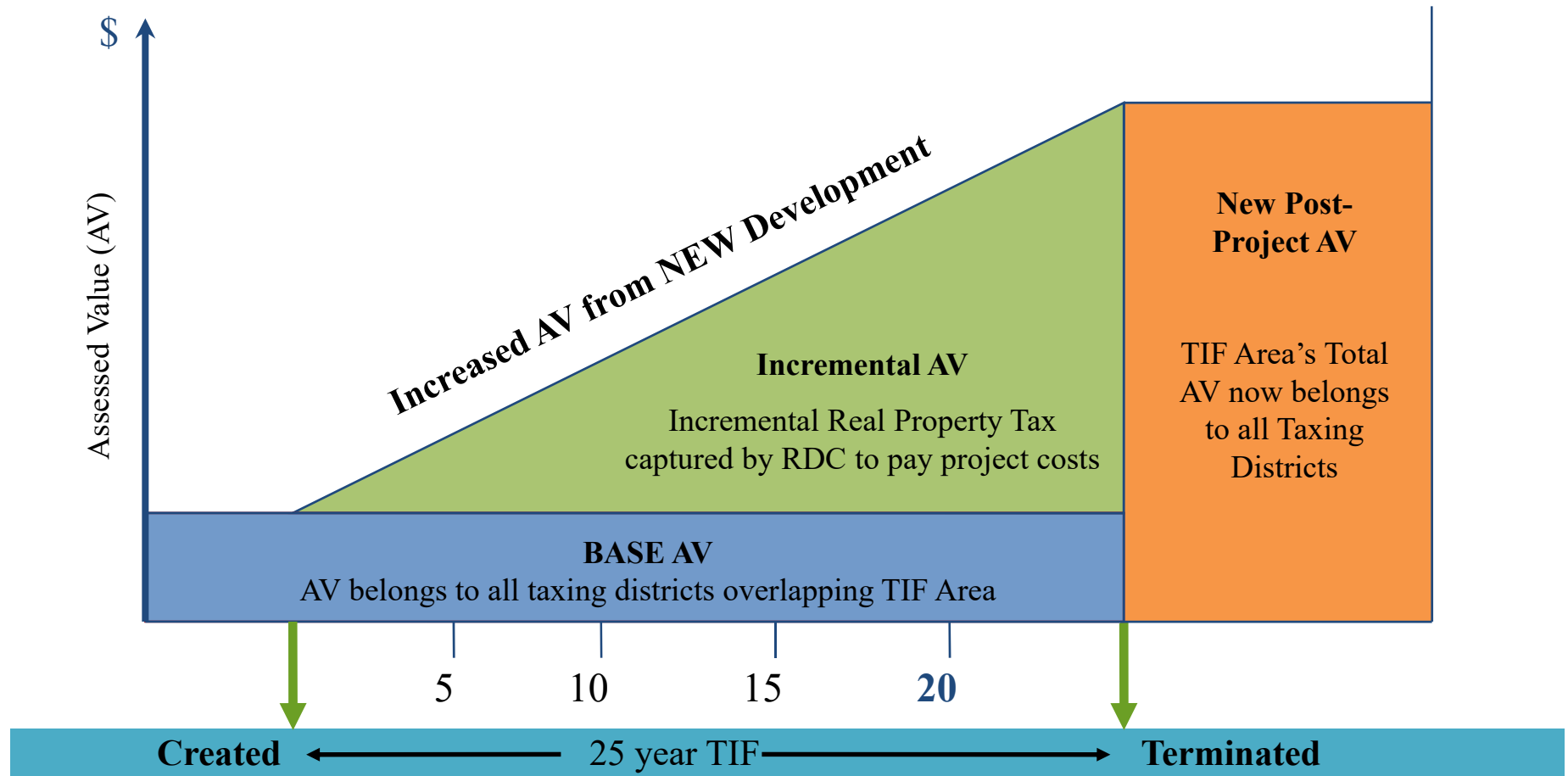
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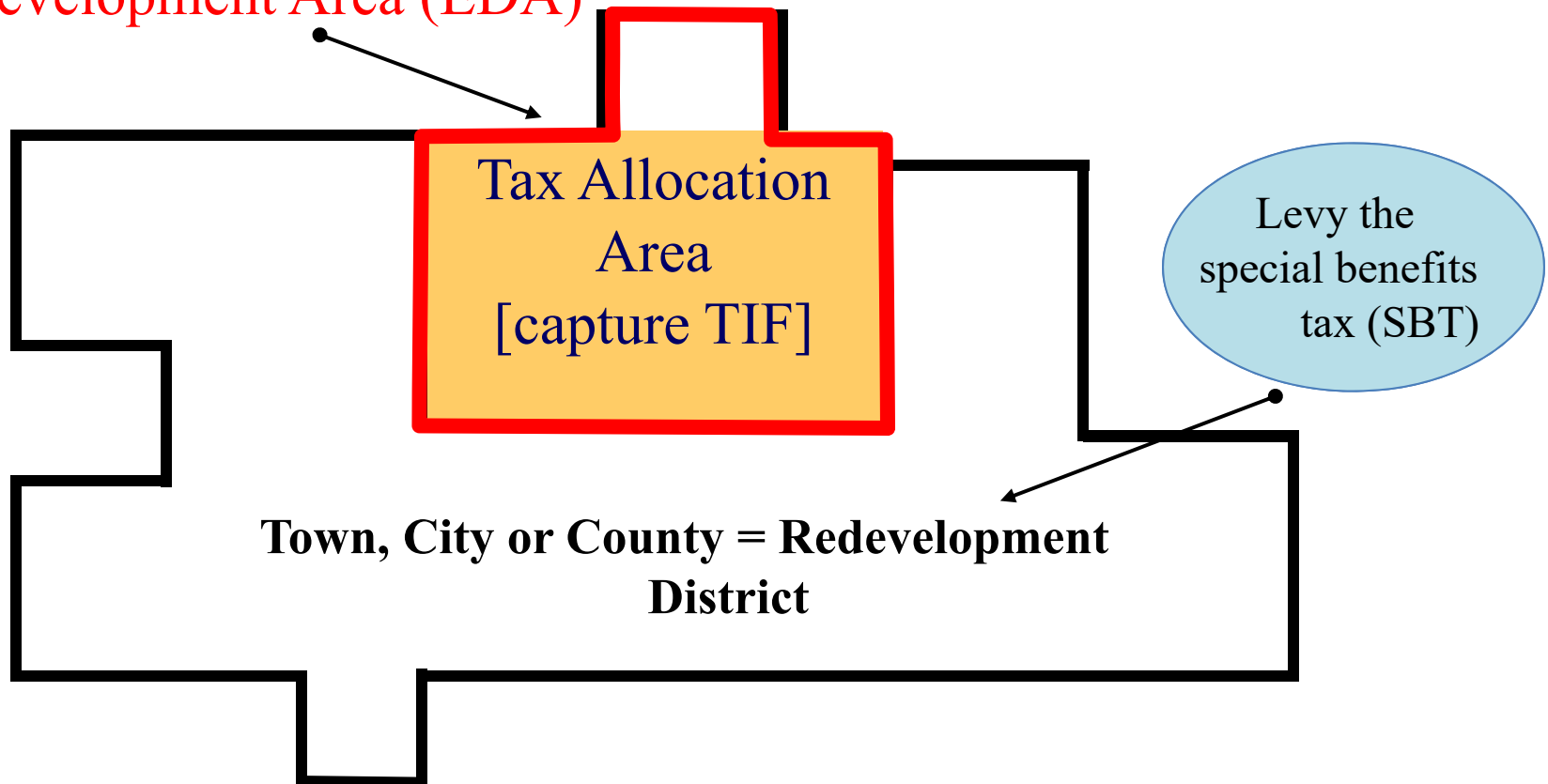
TIF Mechanics



Redevelopment District and TIF Areas

Boundaries – 3 Levels

Economic
Development Area (EDA)



THE TERM OF AN ALLOCATION AREA

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 2018	Pay 2019	Pay 2020
Estimated Annual TIF	\$35,970 *	\$22,940	\$27,530**

* Actual collections were \$30,393.

** Assumes parcel no. 30-01-23-400-030.008-018 is removed from the area for taxes payable in 2020.

HRH Allocation Area

About the 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 2018	Pay 2019
Estimated Annual TIF	\$239,110 *	\$221,670

* Actual collections were \$239,108.



HRH Allocation Area

Outstanding Obligation

Economic Development Revenue Bonds, Series 2014 (HRH Project)

- \$2,130,000 issued / \$2,068,000 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 2018	Pay 2019
Receipts:			
	HRH TIF	\$239,110	\$221,670
Disbursements:			
	To RDC Allocation Fund	(30,000)	(30,000)
	Trustee fee	(1,000)	(1,000)
	Bond payment	(164,775)	(164,650)
	Applied to unpaid interest	(41,833)	(26,020)

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	\$59,000.00
Unpaid interest	66,380.17
Accrued interest	3,675.00
Total past due	\$129,055.17

Broadway Allocation Area

About the Area

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

	Pay 2018	Pay 2019
Estimated Annual TIF	\$10 *	\$196,980

* Actual collections were \$0.



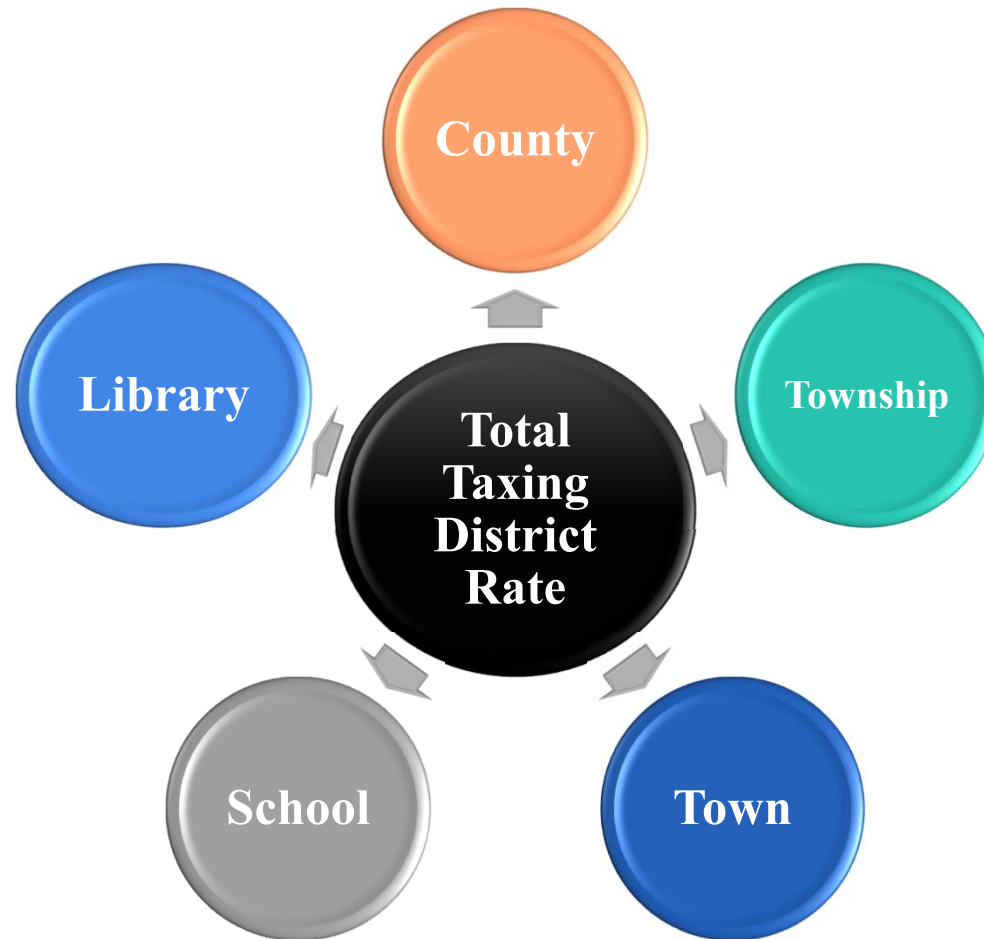
2018 Economic Development Plan

- Priority of focusing redevelopment attention along the “Old Town” Commercial Corridor
- Brookside TIF Area
 - Identified developable sites including, neighborhood commercial, mixed-use, or medical office
- Broadway TIF Area
 - Identified numerous developable sites along Broadway
 - Gateway Project (Broadway and 700 West)
- Redevelop Depot Street Railroad Crossing to help stimulate walking connectivity plan

McCordsville Downtown Plan

- Currently creating a 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

Overlapping Taxing Units



Impact of TIF

Does it 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 from personal property AV that is currently 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.

**2016 TIF Study
by Larry DeBoer
and Tamara Ogle**



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

School Funding and TIF

- 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 gross revenue impact from TIF capture
 - TIF capture postpones reduction in tax rates
- Taxpayers' Property Tax Caps reduce School Funding
 - Circuit Breaker loss if TIF does not meet “but for” test
- Post-2009 Referendum for Operating and/or Debt - benefit from TIF Captured AV



Examples of RDCs using TIF to help Schools:

Training programs
Transportation center
STEM programs
Computers
Personal Property AV growth
Pass-through excess TIF AV
Safety / security enhancements
High school project

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

Sample Tax Bill

Residential Home Value	\$100,000
Net Assessed Value (after deductions)	\$30,000
Tax Bill with \$4.00 Tax Rate	\$1,200
Tax limit @ 1%	\$1,000
Circuit Breaker Tax Credit	(\$200)

Sample Tax Bill

Commercial Value	\$10,000,000
Net Assessed Value (after deductions)	\$10,000,000
Tax Bill with \$4.00 Tax Rate	\$400,000
Tax limit @ 3%	\$300,000
Circuit Breaker Tax Credit	(\$100,000)

Town of McCordsville

2018 and 2019 Circuit Breaker Credits

	2018	2019
General Fund	\$127,267	\$75,858
Motor Vehicle Highway	127,267	123,839

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.

