

**CITY OF FRANKLIN REDEVELOPMENT COMMISSION**  
**TAX IMPACT FOR ANNUAL PRESENTATION TO TAXING UNITS**

July 13, 2021

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# TAX IMPACT: FRANKLIN TOWNSHIP

City of Franklin Redevelopment Commission  
 Estimate of Tax Impact and Circuit Breaker  
 2021 Certified Incremental AV  
 Revised July 13, 2021 {DRAFT}

## FRANKLIN - FRANKLIN TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2021 AV	2021 Rate	2021 Rate Driven Funds	2021 AV Driven Funds	2021 TIF AV	Rate with TIF AV	2020 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	7,756,686,760	0.3012	-0.0333	0.2679	78,088,320	0.2652	0.0333	0.2985
Franklin Township - Civil	972,722,976	0.0198	0.0000	0.0198	78,088,320	0.0182	0.0000	0.0182
Franklin City	1,091,180,204	1.2905	-0.0410	1.2495	78,088,320	1.1601	0.0410	1.2011
Franklin School Normal	1,518,385,211	1.4733	0.0000	1.4733	78,088,320	1.3975	0.0000	1.3975
Franklin School Referendum	1,692,452,490	0.2300	0.0000	0.2300	-	0.2300	0.0000	0.2300
Johnson Library	6,358,629,366	0.0658	0.0000	0.0658	78,088,320	0.0650	0.0000	0.0650
JC Solid Waste	7,756,686,760	<u>0.0073</u>	<u>0.0000</u>	<u>0.0073</u>	78,088,320	<u>0.0072</u>	<u>0.0000</u>	<u>0.0072</u>
Total		<u>3.3879</u>	<u>-0.0743</u>	<u>3.3136</u>		<u>3.1432</u>	<u>0.0743</u>	<u>3.2175</u>

### New Referendum

Adjusted Rate      2.9875      3,936,461 <sup>▼</sup>

### Referendum

#### Adjusted

	Rate	CB
2021	3.1579	4,736,282
2020	3.0901	3,850,129
2019	3.2630	4,286,804

Estimated  
 Reduction of  
 Circuit Breaker

\$ 799,821

		% of Dist Rate
Johnson County	\$ 76,287	9.54%
Franklin Township	5,015	0.63%
Franklin City	326,853	40.87%
Franklin School Normal	373,152	46.65%
Franklin School Referendum	-	0.00%
Johnson Library	16,666	2.08%
JC Solid Waste	<u>1,849</u>	<u>0.23%</u>
	<u>\$ 799,821</u>	<u>100.00%</u>

### Tax Loss (Fixed Rate Funds & Excise, Etc.):

	Property Tax	Other Tax (\$ .09/\$1)	Total Tax
Johnson County	\$ 26,003	\$ 2,340	\$ 28,344
Franklin Township	-	-	-
Franklin City	32,016	2,881	34,898
Franklin School Normal	-	-	-
Franklin School Referendum	-	-	-
Johnson Library	-	-	-
JC Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 58,020</u>	<u>\$ 5,222</u>	<u>\$ 63,241</u>

### Circuit Breaker Impact:

	Circuit Breaker	Total Impact
Johnson County	\$ 76,287	\$ 104,631
Franklin Township	5,015	5,015
Franklin City	326,853	361,751
Franklin School Normal	373,152	373,152
Franklin School Referendum	-	-
Johnson Library	16,666	16,666
JC Solid Waste	<u>1,849</u>	<u>1,849</u>
Total	<u>\$ 799,821</u>	<u>\$ 863,063</u>

## TAX IMPACT: NEEDHAM TOWNSHIP

City of Franklin Redevelopment Commission  
 Estimate of Tax Impact and Circuit Breaker  
 2021 Certified Incremental AV  
 Revised July 13, 2021 (DRAFT)

### FRANKLIN - NEEDHAM TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2021 AV	2021 Rate	2021 Rate Driven Funds	2021 AV Driven Funds	2021 TIF AV	Rate with TIF AV	2021 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	7,756,686,760	0.3012	-0.0333	0.2679	89,607,160	0.2648	0.0333	0.2981
Needham Township - Civil	357,510,344	0.0077	0.0000	0.0077	89,607,160	0.0058	0.0000	0.0058
Franklin City	1,091,180,204	1.2905	-0.0410	1.2495	89,607,160	1.1469	0.0410	1.1879
Franklin School Normal	1,518,385,211	1.4733	0.0000	1.4733	89,607,160	1.3864	0.0000	1.3864
Franklin School Referendum	1,692,452,490	0.2300	0.0000	0.2300	-	0.2300	0.0000	0.2300
Johnson Library	6,358,629,366	0.0658	0.0000	0.0658	89,607,160	0.0649	0.0000	0.0649
JC Solid Waste	7,756,686,760	<u>0.0073</u>	<u>0.0000</u>	<u>0.0073</u>	89,607,160	<u>0.0072</u>	<u>0.0000</u>	<u>0.0072</u>
Total		<u>3.3758</u>	<u>-0.0743</u>	<u>3.3015</u>		<u>3.1059</u>	<u>0.0743</u>	<u>3.1802</u>

#### New Referendum

Adjusted Rate      2.9502      1,932,784

	Referendum Adjusted Rate	CB
2021	3.1458	2,171,371
2020	3.0780	1,809,394
2019	3.2506	1,871,922

Estimated  
 Reduction of  
 Circuit Breaker

\$      238,587

		% of Dist Rate
Johnson County	\$      22,756	9.54%
Needham Township - Civil	1,496	0.63%
Franklin City	97,500	40.87%
Franklin School Normal	111,311	46.65%
Franklin School Referendum	-	0.00%
Johnson Library	4,971	2.08%
JC Solid Waste	<u>552</u>	<u>0.23%</u>
	<u>\$      238,587</u>	<u>100.00%</u>

#### Tax Loss (Fixed Rate Funds & Excise, Etc.):

#### Circuit Breaker Impact:

	Property Tax	Other Tax (\$ .09/\$1)	Total Tax	Circuit Breaker	Total Impact
Johnson County	\$      29,839	\$      2,686	\$      32,525	\$      22,756	\$      55,281
Needham Township - Civil	-	-	-	1,496	1,496
Franklin City	36,739	3,307	40,045	97,500	137,546
Franklin School Normal	-	-	-	111,311	111,311
Franklin School Referendum	-	-	-	-	-
Johnson Library	-	-	-	4,971	4,971
JC Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>552</u>	<u>552</u>
Total	<u>\$      66,578</u>	<u>\$      5,992</u>	<u>\$      72,570</u>	<u>\$      238,587</u>	<u>\$      311,157</u>

## TAX IMPACT: COMBINED

City of Franklin Redevelopment Commission  
Estimate of Tax Impact and Circuit Breaker  
2021 Certified Incremental AV  
Revised July 13, 2021 {DRAFT}

FRANKLIN - FRANKLIN TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

FRANKLIN - NEEDHAM TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

<u>Local Unit</u>	<u>Circuit Breaker</u>	<u>Total Tax</u>	<u>Total Impact</u>
Johnson County	\$ 99,043	\$ 60,868	\$ 159,912
Franklin Township - Civil	5,015	-	5,015
Needham Township - Civil	1,496	-	1,496
Franklin City	424,353	74,943	499,297
Franklin School Normal	484,463	-	484,463
Franklin School Referendum	-	-	-
Johnson Library	21,637	-	21,637
JC Solid Waste	2,400	-	2,400
	<u>\$ 1,038,408</u>	<u>\$ 135,812</u>	<u>\$ 1,174,220</u>

## COMMENTARY ON TAX IMPACTS

The above Tax Impact and Circuit Breaker analyses show the result of releasing all of the captured TIF incremental assessed value (AV) back into the tax base. Contrary to the belief of some, the full amount of the incremental revenue captured by the allocation areas do not return to the other taxing units in the taxing district.

This results largely because the majority of property taxes of the taxing units are “levy” driven, either by the maximum statutory levy formula for operations or by the minimized debt service levies which only meet principal and interest payments as due. Therefore, a release of previously restricted AV to these levy driven funds only drives down the tax rate and spreads the cost of the levy across a larger tax base.

In contrast to levy driven funds, some taxing units have “rate” driven funds outside of the maximum levy controls such as Cumulative Capital Development (CCD Fund) for a County, Cumulative Capital Development (CCD Fund) for a City, and Cumulative Funds for a Township or Special Taxing District. The release of previously restricted AV to these rate driven funds will result in additional property taxes being levied and collected for those specific rate driven funds. Please note that the above tax impacts illustrate 2021.

Further, a residual impact of driving down the tax rate is that fewer properties will meet the property tax caps and therefore each taxing unit will net collect more of the property tax which it levied.

Specifically, in looking at the Franklin Township example above, if ~\$78.08 million of AV is released back into the tax base, then the estimated taxing district rate would fall from \$3.3879 to \$3.2175. After adjusting both rates for School Referendum, the estimated reduction to circuit breaker would be ~\$799,821 which would proportionately benefit the taxing units which make up the taxing district. ~\$76,287 to the County, ~\$326,853 to the City, ~\$373,152 to the School, etc. However, for the rate driven funds, the new assessed value would produce more property tax as well as “piggy back” taxes of financial institutions, auto excise, and commercial vehicle excise. For each dollar of property tax levied a proportionate percentage of these “piggy back” taxes are distributed to the same fund as the property tax levy. Total estimated property and “piggy back” taxes, for the Franklin Township example, are ~\$28,344 for the

County, ~\$34,898 for the City. The Needham Township example follows the identical methodology.

In summary, everyone should look at the annual revenue collected versus the annual tax impact to see how much is received by the TIF and how little the cost is to each taxing unit and gauge the benefit received from all by the undertaking of the TIF projects. For the Combined Areas, the estimated revenue is ~\$5.0 million and the estimated impact is ~\$1,174,220.