

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

May 30, 2019

## TABLE OF CONTENTS

- TAX IMPACT: FRANKLIN TOWNSHIP
- TAX IMPACT: NEEDHAM TOWNSHIP
- TAX IMPACT: COMBINED AREAS
- COMMENTARY ON TAX IMPACTS

## TAX IMPACT: FRANKLIN TOWNSHIP

City of Franklin Redevelopment Commission  
 Estimate of Tax Impact and Circuit Breaker  
 2019 Certified Incremental AV  
 Revised May 30, 2019 {DRAFT}

FRANKLIN - FRANKLIN TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2019 AV	2019 Rate	2019 Rate Driven Funds	2019 AV Driven Funds	2019 TIF AV	Rate with TIF AV	2019 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	6,923,483,197	0.3128	-0.0333	0.2795	76,479,258	0.2764	0.0333	0.3097
Franklin Township - Civil	871,695,481	0.0204	0.0000	0.0204	76,479,258	0.0186	0.0000	0.0186
Franklin City	961,579,702	1.3616	-0.0424	1.3192	76,479,258	1.2143	0.0424	1.2567
Franklin School	1,364,483,454	1.4916	0.0000	1.4916	76,479,258	1.4080	0.0000	1.4080
Johnson Library	5,621,569,815	0.0690	0.0000	0.0690	76,479,258	0.0681	0.0000	0.0681
JC Solid Waste	6,923,483,197	<u>0.0076</u>	<u>0.0000</u>	<u>0.0076</u>	76,479,258	<u>0.0075</u>	<u>0.0000</u>	<u>0.0075</u>
Total		<u>3.2630</u>	<u>-0.0757</u>	<u>3.1873</u>		<u>2.9929</u>	<u>0.0757</u>	<u>3.0686</u>

New Rate      3.0686      3,823,922

	Rate	CB
2019	3.2630	4,286,804
2018	3.2495	4,002,241
2017	3.3147	4,270,901
2016	3.3734	4,314,815

Estimated  
 Reduction of  
 Circuit Breaker

\$    462,882

		% of Dist Rate
Johnson County	\$    44,373	9.59%
Franklin Township	\$     2,894	0.63%
Franklin City	\$    193,154	41.73%
Franklin School	\$    211,595	45.71%
Johnson Library	\$     9,788	2.11%
JC Solid Waste	\$     1,078	0.23%
	<u>\$    462,882</u>	<u>100.00%</u>

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

Circuit Breaker Impact:

	<u>Property Tax</u>	<u>Other Tax (\$ .09/\$1)</u>	<u>Total Tax</u>	<u>Circuit Breaker</u>	<u>Total Impact</u>
Johnson County	25,468	2,292	27,760	44,373	72,133
Franklin Township	-	-	-	2,894	2,894
Franklin City	32,427	2,918	35,346	193,154	228,499
Franklin School	-	-	-	211,595	211,595
Johnson Library	-	-	-	9,788	9,788
JC Solid Waste	-	-	-	1,078	1,078
Total	<u>57,895</u>	<u>5,211</u>	<u>63,105</u>	<u>462,882</u>	<u>525,988</u>

# TAX IMPACT: NEEDHAM TOWNSHIP

City of Franklin Redevelopment Commission  
 Estimate of Tax Impact and Circuit Breaker  
 2019 Certified Incremental AV  
 Revised May 30, 2019 {DRAFT}

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

Local Unit	2019 AV	2019 Rate	2019 Rate Driven Funds	2019 AV Driven Funds	2019 TIF AV	Rate with TIF AV	2019 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	6,923,483,197	0.3128	-0.0333	0.2795	78,195,260	0.2763	0.0333	0.3096
Needham Township - Civil	315,457,031	0.0080	0.0000	0.0080	78,195,260	0.0060	0.0000	0.0060
Franklin City	961,579,702	1.3616	-0.0424	1.3192	78,195,260	1.2119	0.0424	1.2543
Franklin School	1,364,483,454	1.4916	0.0000	1.4916	78,195,260	1.4061	0.0000	1.4061
Johnson Library	5,621,569,815	0.0690	0.0000	0.0690	78,195,260	0.0680	0.0000	0.0680
JC Solid Waste	6,923,483,197	0.0076	0.0000	0.0076	78,195,260	0.0075	0.0000	0.0075
Total		3.2506	-0.0757	3.1749		2.9760	0.0757	3.0517

New Rate 3.0517 1,854,867

	Rate	CB
2019	3.2506	1,871,922
2018	3.2370	1,693,342
2017	3.3023	1,744,086
2016	3.3610	1,719,974

Estimated  
 Reduction of  
 Circuit Breaker

\$ 17,055

		% of Dist Rate
Johnson County	\$ 1,641	9.62%
Needham Township - Civil	\$ 42	0.25%
Franklin City	\$ 7,144	41.89%
Franklin School	\$ 7,826	45.89%
Johnson Library	\$ 362	2.12%
JC Solid Waste	\$ 40	0.23%
	\$ 17,055	100.00%

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

	Property Tax	Other Tax (\$09/\$1)	Total Tax
Johnson County	26,039	2,344	28,383
Needham Township - Civil	-	-	-
Franklin City	33,155	2,984	36,139
Franklin School	-	-	-
Johnson Library	-	-	-
JC Solid Waste	-	-	-
Total	59,194	5,327	64,521

## Circuit Breaker Impact:

	Circuit Breaker	Total Impact
Johnson County	1,641	30,024
Needham Township - Civil	42	42
Franklin City	7,144	43,283
Franklin School	7,826	7,826
Johnson Library	362	362
JC Solid Waste	40	40
Total	17,055	81,576

## TAX IMPACT: COMBINED

City of Franklin Redevelopment Commission  
Estimate of Tax Impact and Circuit Breaker  
2019 Certified Incremental AV  
Revised May 30, 2019 {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	46,014	56,142	102,157
Franklin Township - Civil	2,894	-	2,894
Needham Township - Civil	42	-	42
Franklin City	200,298	71,484	271,782
Franklin School	219,421	-	219,421
Johnson Library	10,150	-	10,150
JC Solid Waste	1,118	-	1,118
	<u>479,938</u>	<u>127,627</u>	<u>607,564</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 2019. The Capital Projects Fund (CPF) for a school has been incorporated into its operating fund levy beginning January 1, 2019 and therefore will not show a tax loss after 2018.

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 ~\$76.479 million of AV is released back into the tax base, then the estimated taxing district rate would fall from \$3.2630 to \$3.0686 which would be estimated to reduce circuit breaker loss by ~\$462,882 which would proportionately benefit the taxing units which make up the taxing district. ~\$44,373 to the County, ~\$193,154 to the City, ~\$211,595 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 ~\$27,760 for the County, ~\$35,346 for the City.

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 ~\$607,564.