

AGENDA RESERVATION REQUEST

CITY OF FRANKLIN COMMON COUNCIL

Please type or print

Date Submitted:	7/15/2020	Meeting Date:	7/20/2020
Contact Information:			
Requested by:	Krista Linke		
On Behalf of Organization or Individual: Redevelopment Commission			
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Describe Request:			
Annual presentation of the Redevelopment Commission's 2020 sources of revenue and uses of revenue, long term plans for each of the allocation areas, and the impact on each taxing unit.			
List Supporting Documentation Provided:			
Tax impact report for annual presentaion to taxing units.			
Who will present the request?			
Name:	Jeff Peters and Krista Linke	Telephone:	317-736-3631

The Franklin City Council meets on the 1st and 3rd Monday of each month at 6:00 p.m. in the Council Chambers of City Hall located at 70 E. Monroe Street. In order for an individual and/or agency to be considered for new business on the agenda, this reservation form and supporting documents must be received in the Mayor's office no later than 12:00 p.m. on the Wednesday before the meeting.

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

July 13, 2020

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TAX IMPACT: FRANKLIN TOWNSHIP

City of Franklin Redevelopment Commission
 Estimate of Tax Impact and Circuit Breaker
 2020 Certified Incremental AV
 Revised July 13, 2020 {DRAFT}

FRANKLIN - FRANKLIN TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2020 AV	2020 Rate	2020 Rate Driven Funds	2020 AV Driven Funds	2020 TIF AV	Rate with TIF AV	2020 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	7,229,240,698	0.3128	-0.0333	0.2795	75,731,441	0.2766	0.0333	0.3099
Franklin Township - Civil	932,510,325	0.0198	0.0000	0.0198	75,731,441	0.0182	0.0000	0.0182
Franklin City	1,029,289,527	1.3143	-0.0413	1.2730	75,731,441	1.1793	0.0413	1.2206
Franklin School Normal	1,446,845,688	1.3678	0.0000	1.3678	75,731,441	1.2962	0.0000	1.2962
Franklin School Referendum	1,611,980,138	0.2300	0.0000	0.2300	-	0.2300	0.0000	0.2300
Johnson Library	5,910,210,609	0.0679	0.0000	0.0679	75,731,441	0.0670	0.0000	0.0670
JC Solid Waste	7,229,240,698	<u>0.0075</u>	<u>0.0000</u>	<u>0.0075</u>	75,731,441	<u>0.0074</u>	<u>0.0000</u>	<u>0.0074</u>
Total		<u>3.3201</u>	<u>-0.0746</u>	<u>3.2455</u>		<u>3.0748</u>	<u>0.0746</u>	<u>3.1494</u>

New Referendum

Adjusted Rate 2.9194 3,418,906

Referendum		
Adjusted		
	Rate	CB
2020	3.0901	3,850,129
2019	3.2630	4,286,804

Estimated
 Reduction of
 Circuit Breaker

\$ 431,223

		% of Dist Rate
Johnson County	\$ 43,651	10.12%
Franklin Township	2,763	0.64%
Franklin City	183,410	42.53%
Franklin School Normal	190,876	44.26%
Franklin School Referendum	-	0.00%
Johnson Library	9,475	2.20%
JC Solid Waste	<u>1,047</u>	<u>0.24%</u>
	<u>\$ 431,223</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	\$ 25,219	\$ 2,270	\$ 27,488	\$ 43,651	\$ 71,139
Franklin Township	-	-	-	2,763	2,763
Franklin City	31,277	2,815	34,092	183,410	217,502
Franklin School Normal	-	-	-	190,876	190,876
Franklin School Referendum	-	-	-	-	-
Johnson Library	-	-	-	9,475	9,475
JC Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,047</u>	<u>1,047</u>
Total	<u>\$ 56,496</u>	<u>\$ 5,085</u>	<u>\$ 61,580</u>	<u>\$ 431,223</u>	<u>\$ 492,803</u>

TAX IMPACT: NEEDHAM TOWNSHIP

City of Franklin Redevelopment Commission
 Estimate of Tax Impact and Circuit Breaker
 2020 Certified Incremental AV
 Revised July 13, 2020 {DRAFT}

FRANKLIN - NEEDHAM TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2020 AV	2020 Rate	2020 Rate Driven Funds	2020 AV Driven Funds	2020 TIF AV	Rate with TIF AV	2020 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	7,229,240,698	0.3128	-0.0333	0.2795	83,710,230	0.2763	0.0333	0.3096
Needham Township - Civil	339,116,969	0.0077	0.0000	0.0077	83,710,230	0.0058	0.0000	0.0058
Franklin City	1,029,289,527	1.3143	-0.0424	1.2719	83,710,230	1.1685	0.0424	1.2109
Franklin School Normal	1,446,845,688	1.3678	0.0000	1.3678	83,710,230	1.2887	0.0000	1.2887
Franklin School Referendum	1,611,980,138	0.2300	0.0000	0.2300	-	0.2300	0.0000	0.2300
Johnson Library	5,910,210,609	0.0679	0.0000	0.0679	83,710,230	0.0669	0.0000	0.0669
JC Solid Waste	7,229,240,698	0.0075	0.0000	0.0075	83,710,230	0.0074	0.0000	0.0074
Total		<u>3.3080</u>	<u>-0.0757</u>	<u>3.2323</u>		<u>3.0435</u>	<u>0.0757</u>	<u>3.1192</u>

New Referendum

Adjusted Rate 2.8892 1,741,010

Referendum

Adjusted

	Rate	CB
2020	3.0780	1,809,394
2019	3.2506	1,871,922

Estimated
 Reduction of
 Circuit Breaker

\$ 68,384

		% of Dist Rate
Johnson County	\$ 6,922	10.12%
Needham Township - Civil	438	0.64%
Franklin City	29,085	42.53%
Franklin School Normal	30,269	44.26%
Franklin School Referendum	-	0.00%
Johnson Library	1,503	2.20%
JC Solid Waste	166	0.24%
	<u>\$ 68,384</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	\$ 27,876	\$ 2,509	\$ 30,384	\$ 6,922	\$ 37,307
Needham Township - Civil	-	-	-	438	438
Franklin City	35,493	3,194	38,688	29,085	67,773
Franklin School Normal	-	-	-	30,269	30,269
Franklin School Referendum	-	-	-	-	-
Johnson Library	-	-	-	1,503	1,503
JC Solid Waste	-	-	-	166	166
Total	<u>\$ 63,369</u>	<u>\$ 5,703</u>	<u>\$ 69,072</u>	<u>\$ 68,384</u>	<u>\$ 137,456</u>

TAX IMPACT: COMBINED

City of Franklin Redevelopment Commission
Estimate of Tax Impact and Circuit Breaker
2020 Certified Incremental AV
Revised July 13, 2020 {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	\$ 50,573	\$ 57,873	\$ 108,446
Franklin Township - Civil	2,763	-	2,763
Needham Township - Civil	438	-	438
Franklin City	212,496	72,780	285,275
Franklin School Normal	221,146	-	221,146
Franklin School Referendum	-	-	-
Johnson Library	10,978	-	10,978
JC Solid Waste	1,213	-	1,213
	<u>\$ 499,607</u>	<u>\$ 130,652</u>	<u>\$ 630,259</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 2020.

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 ~\$75.73 million of AV is released back into the tax base, then the estimated taxing district rate would fall from \$3.3201 to \$3.1494. After adjusting both rates for School Referendum, the estimated reduction to circuit breaker would be ~\$431,223 which would proportionately benefit the taxing units which make up the taxing district. ~\$43,651 to the County, ~\$183,410 to the City, ~\$190,876 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 ~\$27,488 for the County, ~\$34,092 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 ~\$4.8 million and the estimated impact is ~\$630,259.