

City of Franklin Redevelopment Commission

Metro FiberNet Economic Development Area

Franklin City – Needham Township Taxing District

Tax Impact Statement Distribution List

- County Council and Board of Commissioners of Johnson County
c/o Jan Richart, County Auditor
86 West Court Street
Franklin, Indiana 46131
- Johnson County Solid Waste Management
Jessie Biggerman, Director
900 Arvin Road, Suite A
Franklin, Indiana 46131
- City of Franklin City Council
c/o Janet Alexander, Clerk-Treasurer
70 East Monroe Street
Franklin, Indiana 46131
- Township Board of Needham Township
c/o Rita Lory, Township Trustee
80 North Middleton Road
Franklin, Indiana 46143
- Franklin Community School Corporation Board of Trustees
Dr. David Clendening, Superintendent
998 Grzzly Cub Drive
Franklin, Indiana 46131
- Johnson County Public Library
Beverly Ann Martin, Director
49 East Monroe Street
Franklin, Indiana 46131

**NOTICE OF ADOPTION OF A DECLARATORY RESOLUTION BY THE
FRANKLIN REDEVELOPMENT COMMISSION
AND OF A PUBLIC HEARING WITH RESPECT THERETO**

Notice is hereby given that the Franklin Redevelopment Commission (the "Commission"), being the governing body of the Franklin Department of Redevelopment, adopted a Declaratory Resolution on October 20, 2011 (the "Declaratory Resolution"), designating an area known as the "Metro FiberNet Economic Development Area" (the "Economic Development Area") as an economic development area pursuant to Indiana Code 36-7-14 (the "Act"); and approving an economic development plan for the Economic Development Area designated as the Metro FiberNet Economic Development Area—Economic Development Plan (the "Plan") and designating the entire area of the Economic Development Area as an "allocation area" for the purpose of allocation and distribution of certain real and personal property taxes (commonly referred to as "tax increment") under Section 39 of the Act.

A general description of the Economic Development Area is included in the Plan.

Notice is hereby given that the Commission will conduct a public hearing on May 17, 2012, at 8:00 a.m., local time, at the City of Franklin City Hall, 70 E. Monroe Street, Franklin, Indiana, to receive and hear remonstrances and objections from all persons interested in or affected by the proposed projects and the proceedings pertaining thereto.

The Commission will determine the public utility and the benefit of the proposed projects. Maps and plats have been prepared and, along with the Plan can be inspected at the offices of the City's Department of Planning & Economic Development, located at 44 North Jackson Street, Franklin, Indiana.

Dated this 7th day of May, 2012.

FRANKLIN REDEVELOPMENT COMMISSION

**[TO BE PUBLISHED ONE TIME IN THE *FRANKLIN DAILY JOURNAL*,
MONDAY, MAY 7, 2012...**

**AND FILED IN THE OFFICE OF THE PLAN COMMISSION, BOARD OF
ZONING APPEALS, WORKS BOARD, PARK BOARD, AND BUILDING COMMISSIONER
AND ANY OTHER DEPARTMENT, BODY, OR OFFICERS OF THE CITY HAVING TO
DO WITH PLANNING, VARIANCES FROM ZONING ORDINANCES, LAND USE, OR
THE ISSUANCE OF BUILDING PERMITS, AND FILED (ALONG WITH THE TAX
IMPACT STATEMENT) WITH EACH TAXING UNIT IN THE CITY LOCATED IN THE
ALLOCATION AREAS]**

CITY OF FRANKLIN REDEVELOPMENT COMMISSION

STATEMENT DISCLOSING THE TAX IMPACT WITHIN THE METRO FIBERNET ECONOMIC DEVELOPMENT AREA FOR THE CITY OF FRANKLIN, TOWN OF WHITELAND, TOWN OF NEW WHITELAND, AND CERTAIN UNINCORPORATED AREAS WITHIN JOHNSON COUNTY

FRANKLIN CITY – NEEDHAM TOWNSHIP TAXING DISTRICT

The City of Franklin, Indiana (the “City”), Town of Whiteland (the “Town”), and Johnson County, Indiana (the “County”) (the City, the Town, and the County together described as the “Joint Municipalities”) desire to jointly undertake an economic development project by Metro FiberNet, LLC for the Joint Municipalities (the “Metro FiberNet Project”). Pursuant to Indiana Code 36-7-25-4, if two (2) or more civil units desire to jointly undertake economic development projects in contiguous areas that benefit or serve the units’ jurisdiction, then the legislative body of the unit may assign an area within the units’ jurisdiction to the redevelopment commission of another unit to allow for the creation of an allocation area for the purpose of the allocation of property tax proceeds even though the allocation area is outside the jurisdiction of the redevelopment commission to which the new area is assigned.

The Board of Commissioners of the County adopted its resolution on October 17, 2011 assigning an allocation area in the County to the City’s Redevelopment Commission (the “County Allocation Area”). The Town Council of the Town adopted its resolution on October 12, 2011 assigning an allocation area in the Town to the City’s Redevelopment Commission (the “Town Allocation Area”). The City of Franklin Redevelopment Commission adopted its resolution on October 20, 2011 assigning an allocation area within the City to be combined with the County Allocation Area, the Town Allocation Area to be designated the Metro FiberNet Economic Development Area (the “Area”) relating to the establishment of the Metro FiberNet Economic Development Plan (the “Plan”). The Area is designated as the Metro FiberNet Project Allocation Area (the “Allocation Area”). The City of Franklin Redevelopment Commission (the “Commission”) has been assigned the responsibility of reviewing and establishing the Area.

This Plan for providing fiber optic lines and electronic equipment required to bring high speed internet services to the Area is for the review and consideration by the Commission pursuant to IC 36-7-14. The Plan for the Area will promote significant opportunities for growth and the gainful employment of the citizens of the Joint Municipalities by providing the means to extend state of the art fiber optic lines and high speed internet services to the Area. This 21st Century infrastructure is necessary to attract employers engaged in advanced manufacturing, logistics, distribution, food processing, energy, health care and value added agriculture.

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FRANKLIN CITY – NEEDHAM TOWNSHIP TAXING DISTRICT

PROJECT SUMMARY:

The Plan will develop and maintain adequate 21st century infrastructure to support the needs of 21st century businesses by providing fiber optic cable lines and electronic equipment required to bring high speed internet services to the Area. The Plan promotes significant opportunities for gainful employment of its citizens, attracts a new major business enterprise to the Joint Municipalities, retains and expands significant business enterprises existing in the boundaries of the Joint Municipalities, and meets other statutory purposes, as set forth in Indiana Code Sections 36-7-14-2.5 and 36-7-14-43.

The Joint Municipalities estimate that the cost of implementing the Total Plan will not exceed \$20,000,000 excluding interest.

Total Project	Total Estimate
Assistance with installation of fiber optic cable lines and electronic equipment required to bring high speed broadband services. (Internet, Television, and Communications)	\$17,000,000 to \$20,000,000

The Commission will create a Tax Incremental Finance (TIF) District to capture the incremental increases in depreciable personal property within the Area in order to finance the necessary projects. Bonds will be issued, based on the incremental ad valorem property taxes allocated under IC 36-7-14-39, in order to raise money to cover a portion of the cost of projects in the Area.

ESTIMATED TAX INCREMENT

The source of estimated tax increment revenue to be generated in the Allocation Area will come from growth and expansion of new investment in depreciable business personal property by Metro FiberNet with the Area. The estimated incremental assessed value is based on (1) a review of the property tax assessments obtained from the Johnson County Assessor and (2) estimated project costs provided by representatives of the taxpayer, which estimates were then used to determine the potential incremental assessed value generated using acceptable industry standards and practices prescribed by the

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FRANKLIN CITY – NEEDHAM TOWNSHIP TAXING DISTRICT

Indiana Department of Local Government Finance. The annual incremental assessed value is multiplied by the applicable 2011 payable 2012 property tax rate to calculate the annual net tax increment. In the attached schedule of “New Developments Within the Allocation Area,” business personal property with approximately \$126,764 of net annual assessed value of tax increment is estimated to be captured and deposited to the Allocation Fund. See Attachment A.

Based upon the estimated capital investment report by Metro FiberNet the estimated reported increase in assessed value will be \$316,909 of Business Personal Property.; which, when adjusted for the effect of the allowance for depreciation in the initial year of taxation, would result in \$126,764 of incremental assessed value.

ESTIMATED IMPACT OF ESTABLISHING ECONOMIC DEVELOPMENT AREA- FRANKLIN – NEEDHAM TOWNSHIP AREA

The “Estimated Impact of the Economic Development Area on the Overlapping Taxing Units” schedule provides an estimate of the effect on the tax rates of the overlapping taxing units (holding all other factors constant) of establishing the Allocation Area and capturing tax increment. See Attachment B.

Scenario I

Scenario I represents the current situation (based on 2011 pay 2012 property tax information) prior to the establishment of the Allocation Area.

Scenario II

Scenario II depicts what happens after the Allocation Area is established and assumes all incremental assessed value from new and proposed developments, estimated at \$126,764 is captured in the Allocation Fund for tax increment financing (holding all other factors constant).

Scenario III

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FRANKLIN CITY – NEEDHAM TOWNSHIP TAXING DISTRICT

Scenario III represents the impact of the overlapping taxing units if the Allocation Area is not established, assumes that no incremental assessed value is captured as tax increment and, therefore, assumes that there is no method of financing infrastructure and other improvements, which limits the attractiveness of the Area for additional expansion and growth. Scenario III conservatively assumes that all of the estimated incremental assessed value from the new business developments and expansions currently underway would have occurred regardless of the potential Redevelopment Project, and, therefore assumes that if the Area were not established, the incremental assessed value would be passed on to the other taxing units.

IMPACT SUMMARY

The Commission has determined that the capturing of the increases in assessed valuation of the existing development in the Allocation Area may have a short-term impact on anticipated revenues from the tax rates of the taxing units that are wholly or partially located in the Allocation Area. However, because significant additional Development is currently being considered and such Development may not occur “but for” the inducements (i.e. the lack of economic development would not be corrected by regulatory processes or the ordinary operation of private enterprise without resorting to the powers of the Commission), the Commission concludes that the assessed value and revenues of the other taxing units are not negatively affected.

Please note that for purpose of estimating the impact of tax increment financing, certain factors were held constant in this analysis. No other growth or decline in depreciable personal property assessed value was assumed to take place anywhere in the Area. No increases in the budgets of the overlapping taxing units were assumed for purposes of this analysis.

The establishment of the Allocation Area would have several positive affects on the overlapping taxing units and on the taxpayers of the Joint Municipalities. The taxpayers will benefit from the additional revenues as they are generated and restored. The Plan promotes significant opportunities for gainful employment of its citizens, availability of high speed broadband services, and will promote development and permit the extension of electric, gas, and sanitary utilities. Also, the earning power of local residents is expected to be improved, as a result of the new jobs created by businesses in the economic development area, which will allow those residents to provide more of their resources to health care and health maintenance issues, which would be expected to

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FRANKLIN CITY – NEEDHAM TOWNSHIP TAXING DISTRICT

improve the overall physical health of the community. The Plan will provide the infrastructure system capacity to handle increased economic growth.

METRO FIBERNET ECONOMIC DEVELOPMENT AREA

Assessed Value for New Developments Within the Allocation Area

Taxing District	Property Owner	2011 Payable 2012	Estimated 2012 Payable 2013	Estimated Increase
		Assessed Value	Assessed Value	Assessed Value 2011 pay 2012 vs. 2012 pay 2013
Franklin City - Needham Township Taxing District	Metro FiberNet Project - (Estimated)	\$0	\$126,764	\$126,764
		\$0	\$126,764	\$126,764

Attachment B

METRO FIBERNET ECONOMIC DEVELOPMENT AREA

Tax Allocation Area

ESTIMATED IMPACT OF THE ALLOCATION AREA ON OVERLAPPING TAXING UNITS

Franklin City - Needham Township Taxing District	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy
SCENARIO I: PRESENT SITUATION - Prior to establishment of the Area			
2011 taxes payable 2012 property tax levies, assessed valuation and tax rates. (1)			
Johnson County	\$0.2267	\$5,752,492,596	\$13,040,901
Johnson County (Cum Bridge Fund)	0.0229	5,752,492,596	1,317,321
Johnson County (CCD Fund)	0.0177	5,752,492,596	1,018,191
Franklin Civil City	1.3465	809,004,454	10,893,245
Franklin Civil City (CCD Fund) (2)	0.0428	809,004,454	346,254
Needham Township	0.0058	255,994,776	14,848
Franklin Community School Corporation	1.2183	1,163,412,323	14,173,852
Franklin Community School Corporation (CPF Fund)	0.3023	1,163,412,323	3,516,995
Johnson County Public Library	0.0703	4,563,472,972	3,208,121
Johnson County Solid Waste Management	0.0074	5,752,492,596	425,684
Total Tax Rate (per \$100 AV)	<u>\$3.2607</u>		

SCENARIO II: ASSUMES ESTABLISHMENT OF THE ALLOCATION AREA WHICH ENABLES THE COST OF IMPROVEMENTS TO BE FINANCED WITH BONDS PAYABLE FROM TAX INCREMENT REVENUES.

(Assumes incremental depreciable business personal property assessed value from proposed and new developments is captured.)

				Tax Rate Difference From Scenario I (4)	Levy Difference From Scenario I
Johnson County	\$0.2267	\$5,752,492,596	\$13,040,901	\$0.0000	\$0
Johnson County (Cum Bridge Fund)	0.0229	5,752,492,596	1,317,321	0.0000	0
Johnson County (CCD Fund)	0.0177	5,752,492,596	1,018,191	0.0000	0
Franklin Civil City	1.3465	809,004,454	10,893,245	0.0000	0
Franklin Civil City (CCD Fund) (2)	0.0428	809,004,454	346,254	0.0000	0
Needham Township	0.0058	255,994,776	14,848	0.0000	0
Franklin Community School Corporation	1.2183	1,163,412,323	14,173,852	0.0000	0
Franklin Community School Corporation (CPF Fund)	0.3023	1,163,412,323	3,516,995	0.0000	0
Johnson County Public Library	0.0703	4,563,472,972	3,208,121	0.0000	0
Johnson County Solid Waste Management	0.0074	5,752,492,596	425,684	0.0000	0
Total Tax Rate (per \$100 AV)	<u>3.2607</u>			<u>\$0.0000</u>	<u>\$0</u>

TIF ALLOCATION FUND	\$3.2607	\$1,756,654	\$57,279	Net Tax Increment
Circuit Breaker Limit (3)	3%		52,700	Net Tax Increment

(1) Based on information provided by the Johnson County Auditor's and Assessor's Offices for the 2011 pay 2012 tax collection cycle.

(2) Funds are Rate Controlled rather than Levy Controlled

(3) Per HEA 1001 of 2008, the circuit breaker credit limits property taxes to a percentage of the gross assessed value of the property equal to three (3) percent for commercial property.

(4) Rounded to the nearest ten thousandth

Attachment B (CONTINUED)

METRO FIBERNET ECONOMIC DEVELOPMENT AREA

Tax Allocation Area

ESTIMATED IMPACT OF THE ALLOCATION AREA ON OVERLAPPING TAXING UNITS

Franklin City - Needham Township Taxing District	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy
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**SCENARIO III: ASSUMES THE AREA IS NOT ESTABLISHED AND THE ASSESSED VALUE
FROM NEW DEVELOPMENT IS PASSED ALONG TO OTHER TAXING UNITS.**

(Assumes an estimated \$1,756,654 in assessed value for new development in the Area that would have occurred and would have been passed on to the other taxing units assuming the Area was not established.)

				Tax Rate Difference From Scenario I (4)	Levy Difference From Scenario I
Johnson County	\$0.2266	\$5,754,249,250	\$13,040,901	(\$0.0001)	\$0
Johnson County (Cum Bridge Fund)	0.0229	5,754,249,250	1,317,723	0.0000	402
Johnson County (CCD Fund)	0.0177	5,754,249,250	1,018,502	0.0000	311
Franklin Civil City	1.3436	810,761,108	10,893,245	(0.0029)	0
Franklin Civil City (CCD Fund) (2)	0.0428	810,761,108	347,006	0.0000	752
Needham Township	0.0058	257,751,430	14,848	0.0000	0
Franklin Community School Corporation	1.2165	1,165,168,977	14,173,852	(0.0018)	0
Franklin Community School Corporation (CPF Fund)	0.3023	1,165,168,977	3,522,306	0.0000	5,310
Johnson County Public Library	0.0703	4,565,229,626	3,208,121	0.0000	0
Johnson County Solid Waste Management	0.0074	5,754,249,250	425,684	0.0000	0
Total Tax Rate (per \$100 AV)	<u>\$3.2558</u>			<u>(\$0.0048)</u>	<u>\$6,775</u>

(1) Based on information provided by the Johnson County Auditor's and Assessor's Offices for the 2011 pay 2012 tax collection cycle.

(2) Funds are Rate Controlled rather than Levy Controlled

(3) Per HEA 1001 of 2008, the circuit breaker credit limits property taxes to a percentage of the gross assessed value of the property equal to three (3) percent for commercial property.

(4) Rounded to the nearest ten thousandth