

# Lawrence Redevelopment Commission

TIF Presentation

(IC **36-7-25-8**)

December 19, 2024



# Agenda

TIF Mechanics

A dark grey downward-pointing arrow is positioned at the bottom right corner of the first teal box, pointing towards the second teal box.

Lawrence's TIF Areas

A dark grey downward-pointing arrow is positioned at the bottom right corner of the second teal box, pointing towards the third teal box.

Impacts on Overlapping  
Taxing Units



# Lawrence Redevelopment Commission

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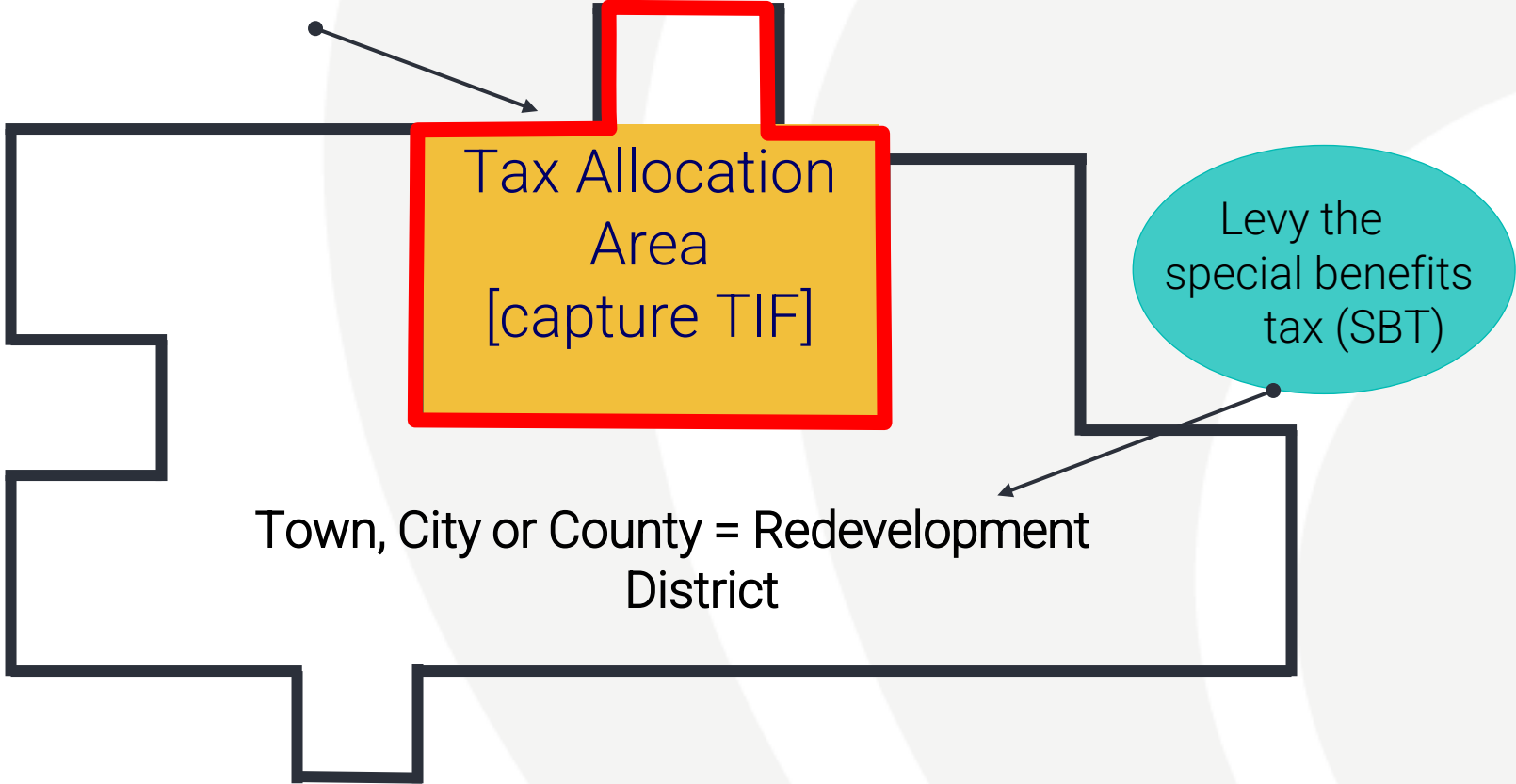
**Indianapolis, Indiana 46240**

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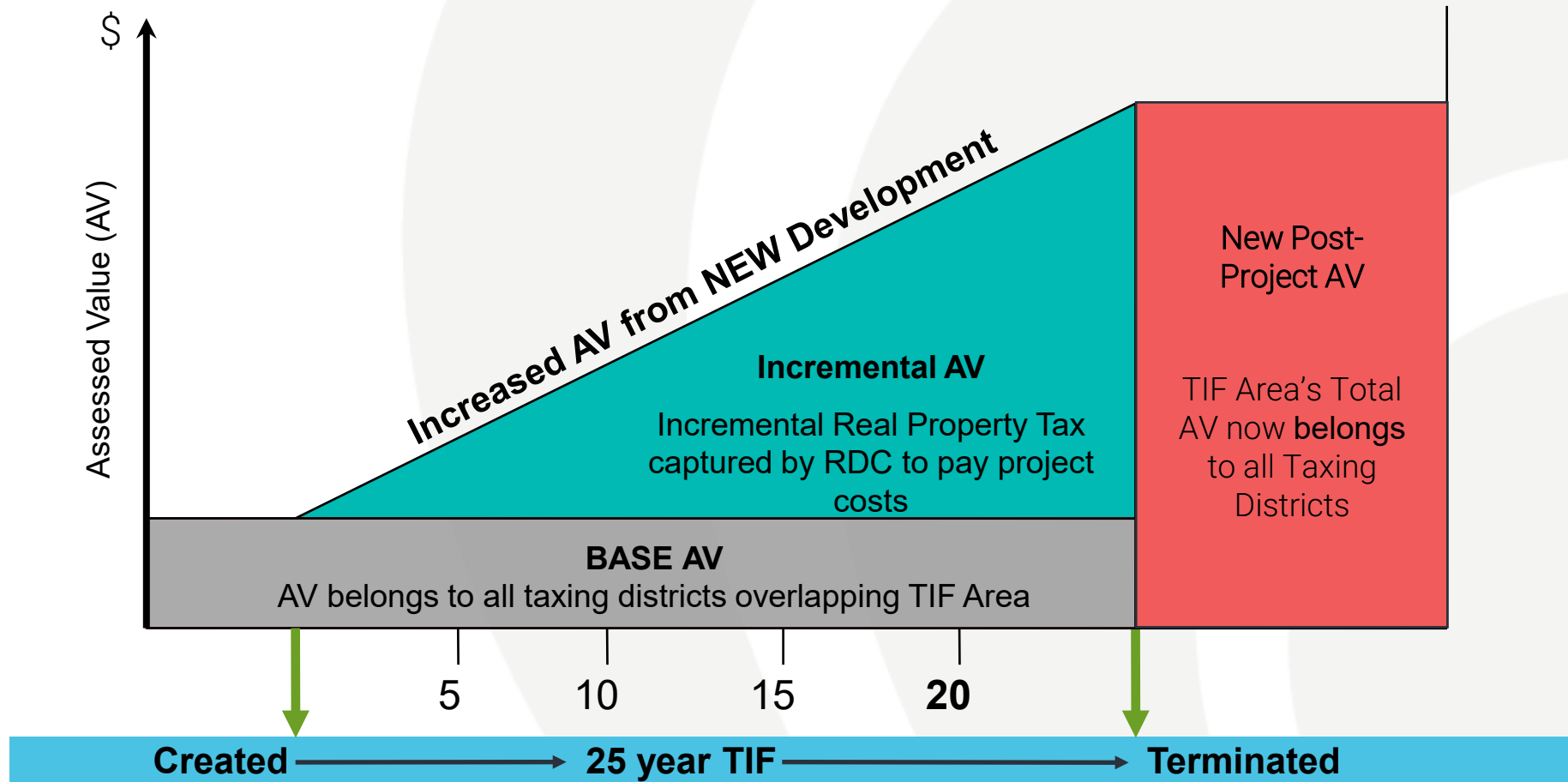
# Redevelopment District and TIF Areas

Economic Development Area (EDA)

Boundaries – 3 Levels



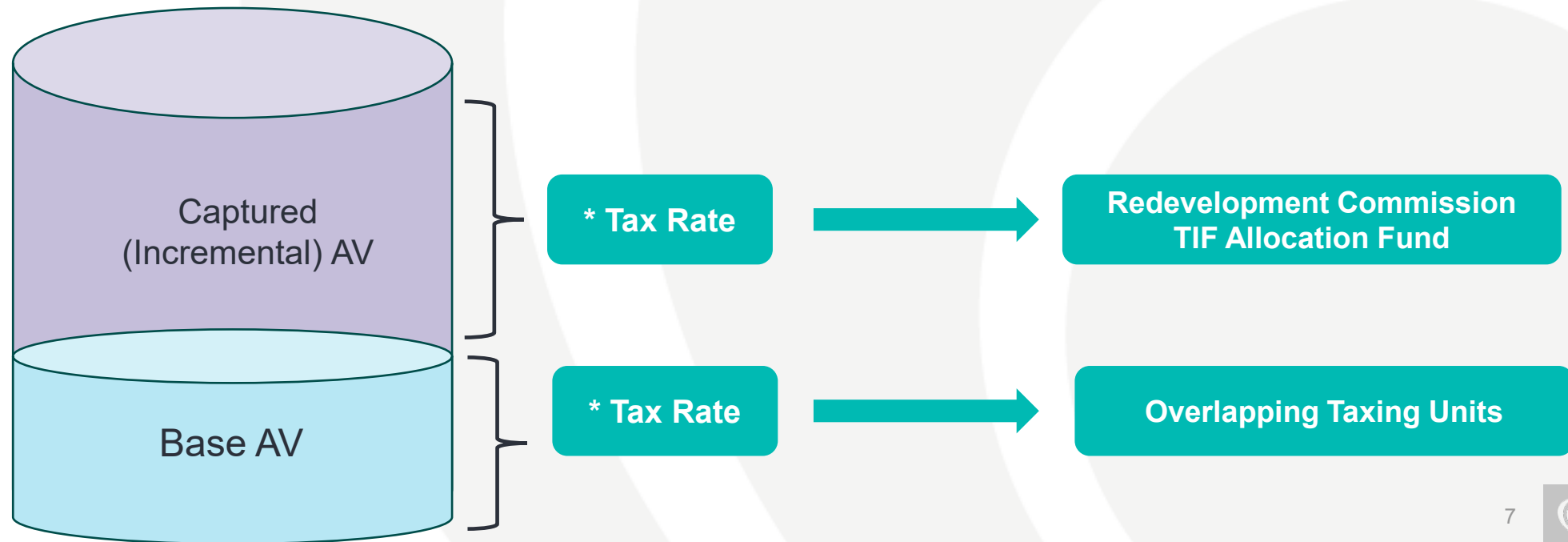
***Tax increment financing (or “TIF”)*** is a tool which ***captures new assessed value*** and property taxes from new development in a ***designated area***



# TIF Calculation

Increases in assessed value (AV) over the base value become the incremental assessed value (“**Incremental AV**”).

Incremental AV multiplied by tax rate (per \$100 AV), minus circuit breaker tax credits, equals the **Tax Increment (TIF)**.



# Permitted use of TIF



All projects have to be **in or directly serving or benefitting** the designated redevelopment area or economic development area.



**Capital project expenditures**



**Public infrastructure** (including utility infrastructure)



**Site acquisition, clearing and improvements for private developments**



**Public safety projects**  
(e.g., fire stations or trucks)



**Recreation facilities**



**Job training:**

TIF may be used on a limited basis to reimburse public and private entities for expenses incurred in training employees of industrial facilities located in the allocation area, and to fund other training and worker education programs.



**“Efficiency” project**

a project needed to carry out an interlocal cooperation agreement between gov’t entities, or to consolidate local gov’t services



**Police and Fire capital and operating**





# Expiration of TIF Areas

- Can separate and re-establish TIF Areas
- Can expand and connect TIF Areas
- Be careful when setting boundaries to avoid unexpected TIF loss
- If Allocation Area is getting close to expiration, be sure to analyze the impacts of the release of assessed value to the overlapping taxing units.

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.  Residential TIF expires 20 years after the date the first obligation payable was incurred.



**Pendleton Pike  
Redevelopment Area**

***Pendleton Pike Allocation  
Area***

PENDLETON PIKE ALLOCATION AREA

# About the Area

Created	Expiration
January 17, 2007	Following Pay 2038

	Pay 2024
Estimated Annual TIF	\$623,020



# Outstanding Obligations

## Redevelopment District Bonds, Series 2011

- \$2,000,000 issued / \$350,000 outstanding
- Final maturity: January 15, 2026
- Payable from:
  - Pendleton Pike Allocation Area Tax Increment
  - Property tax backup

## City of Lawrence, Indiana, Redevelopment Tax Increment Revenue Bonds, Series 2022

- \$2,500,000 issued / \$2,500,000 outstanding
- Final maturity: January 15, 2039
- Payable from:
  - Pendleton Pike Allocation Area Tax Increment

PENDLETON PIKE ALLOCATION AREA

# Comparison of Estimated Tax Increment to Debt Payments

Taxes Payable Year	Estimated TIF	2011 Bonds	2022 Bonds	TIF Remaining	Estimated Coverage
2024	\$623,020	(\$181,236)	(\$103,750)	\$338,034	219%
2025	623,020	(185,778)	(103,750)	333,492	215%
2026	623,020		(253,750)	369,270	246%
2027	623,020		(252,525)	370,495	247%
2028	623,020		(251,093)	371,927	248%
2029	623,020		(254,453)	368,567	245%
2030	623,020		(252,398)	370,622	247%
2031	623,020		(250,135)	372,885	249%
2032	623,020		(252,665)	370,355	247%
2033	623,020		(254,780)	368,240	245%
2034	623,020		(251,480)	371,540	248%
2035	623,020		(252,973)	370,047	246%
2036	623,020		(254,050)	368,970	245%
2037	623,020		(254,713)	368,307	245%
2038	623,020		(249,960)	373,060	249%
2039					
	<u>\$9,345,300</u>	<u>(\$367,014)</u>	<u>(\$3,492,475)</u>	<u>\$5,485,811</u>	



**Pendleton Pike  
Redevelopment Area**

***Monarch Allocation  
Area***

# About the Area

Created	Expiration
May 14, 2008	Following Pay 2039

	Pay 2024
Estimated Annual TIF	\$666,390



# Outstanding Obligations

## Redevelopment District Tax Increment Revenue Capital Appreciation Bond, 2008

- \$5,014,645 issued / \$1,746,026 outstanding
- Final maturity: August 1, 2033
- Payable from:
  - Monarch Allocation Area Tax Increment



MONARCH ALLOCATION AREA

# Comparison of Estimated Tax Increment to Debt Payments

Taxes Payable Year	Estimated TIF	2008 Bonds	TIF Remaining	Estimated Coverage
2024	\$666,390	(\$790,000)	(\$123,610)	84%
2025	666,390	(790,000)	(123,610)	84%
2026	666,390	(790,000)	(123,610)	84%
2027	666,390	(790,000)	(123,610)	84%
2028	666,390	(790,000)	(123,610)	84%
2029	666,390	(790,000)	(123,610)	84%
2030	666,390	(790,000)	(123,610)	84%
2031	666,390	(790,000)	(123,610)	84%
2032	666,390	(790,000)	(123,610)	84%
2033	666,390	(790,000)	(123,610)	84%
2034	666,390		666,390	
2035	666,390		666,390	
2036	666,390		666,390	
2037	666,390		666,390	
2038	666,390		666,390	
2039	666,390		666,390	
2040				
	<u>\$10,662,240</u>	<u>(\$7,900,000)</u>	<u>\$2,762,240</u>	



## **Future Projects**

- Property acquisition
- Utility improvements
- Pendleton Pike median landscaping
- Economic development and redevelopment opportunities
- Future debt issuance

# **Meyer Plastics Allocation Area**

MEYER PLASTICS ALLOCATION AREA

# About the Area

Created	Expiration
May 22, 2018	July 1, 2043*

\*Per Declaratory Resolution

	Pay 2024
Estimated Annual TIF	\$216,830

Note: Meyer Plastics LLC is a designated taxpayer for purposes of personal property capture.



# Outstanding Obligations

## Taxable Economic Development Tax Increment Revenue Bonds, Series 2018 (Meyer Plastics Project)

- \$2,246,000 issued / \$2,037,000 outstanding
- Final maturity: February 1, 2043
- Payable from:
  - Meyer Plastic Allocation Area Tax Increment

MEYER PLASTICS ALLOCATION AREA

# Comparison of Estimated Tax Increment to Debt Payments

Taxes Payable Year	Estimated TIF	2018 Bonds	TIF Remaining	Estimated Coverage
2024	\$216,830	(\$178,736)	\$38,094	121%
2025	\$216,830	(179,080)	37,750	121%
2026	\$216,830	(178,202)	38,628	122%
2027	\$216,830	(179,158)	37,672	121%
2028	\$216,830	(177,836)	38,994	122%
2029	\$216,830	(178,349)	38,481	122%
2030	\$216,830	(178,557)	38,273	121%
2031	\$216,830	(177,516)	39,314	122%
2032	\$216,830	(178,225)	38,605	122%
2033	\$216,830	(177,629)	39,201	122%
2034	\$216,830	(176,729)	40,101	123%
2035	\$216,830	(176,552)	40,278	123%
2036	\$216,830	(176,043)	40,787	123%
2037	\$216,830	(176,201)	40,629	123%
2038	\$216,830	(175,943)	40,887	123%
2039	\$216,830	(174,326)	42,504	124%
2040	\$216,830	(175,348)	41,482	124%
2041	\$216,830	(174,872)	41,958	124%
2042	\$216,830	(173,953)	42,877	125%
2043	\$216,830		216,830	
2044	\$216,830		216,830	
2045				
	<u>\$4,553,430</u>	<u>(\$3,363,255)</u>	<u>\$1,190,175</u>	

Note: Includes capture of real and personal property.



LAWRENCE TIF ALLOCATION AREAS

# Estimated Impact of TIF Pass-Through Assessed Value

City of Lawrence Taxing District

**SCENARIO I:**

**PRESENT SITUATION**

Represents 2023 taxes payable 2024 property tax levies, assessed valuation, and tax rates.

	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy
Marion County	\$0.3397	\$58,115,081,827	\$197,416,933
Marion County CCD Fund (1)	0.0234	58,115,081,827	13,598,929
Lawrence Township	0.0100	7,451,691,938	745,170
Lawrence Civil City	0.6736	2,194,867,114	14,784,624
Lawrence Civil City CCD Fund (1)	0.0252	2,194,867,114	553,107
M.S.D. Lawrence Township School Corporation	0.8940	6,843,709,778	61,182,765
M.S.D. Lawrence Township School Corporation Capital Referendum	0.1742	7,267,298,423	12,659,634
Indianapolis-Marion County Public Library	0.1220	57,292,339,319	69,896,654
Marion County Health and Hospital	0.1887	58,115,081,827	109,663,159
Indianapolis Consolidated County	0.1246	58,115,081,827	72,411,392
Total Tax Rate (per \$100 AV)	\$2.5754		
Less: Lawrence Township School Corporation Capital Referendum	0.1742		
<b>Net TIF Tax Rate</b>	<b>\$2.4012</b>		

TIF Allocation Funds	Rate	Captured Assessed Value	Gross Tax Increment	Circuit Breaker	Net Tax Increment
Pendleton Pike Existing Tax Increment	2.4012	\$26,319,436	\$631,980	(\$8,960)	\$623,020
Monarch Existing Tax Increment	2.4012	27,752,550	666,390	0	666,390
Meyer Plastics Existing Tax Increment	2.4012	9,030,005	216,830	0	216,830
<b>Total</b>	<b>2.4012</b>	<b>\$63,101,991</b>	<b>\$1,515,200</b>	<b>(\$8,960)</b>	<b>\$1,506,240</b>

**SCENARIO II:**

**ASSUMES CAPTURED ASSESSED VALUE IS PASSED THROUGH TO THE OVERLAPPING TAXING UNITS**

				Rate Difference From Scenario I	Levy Difference From Scenario 1
Marion County	\$0.3393	\$58,178,183,818	\$197,416,933	(\$0.0004)	\$0
Marion County CCD Fund (1)	0.0234	58,178,183,818	13,613,695	0.0000	14,766
Lawrence Township	0.0099	7,514,793,929	745,170	(0.0001)	0
Lawrence Civil City	0.6548	2,257,969,105	14,784,624	(0.0188)	0
Lawrence Civil City CCD Fund (1)	0.0252	2,257,969,105	569,008	0.0000	15,901
M.S.D. Lawrence Township School Corporation	0.8858	6,906,811,769	61,182,765	(0.0082)	0
M.S.D. Lawrence Township School Corporation Capital Referendum	0.1742	7,267,298,423	12,659,634	0.0000	0
Indianapolis-Marion County Public Library	0.1219	57,355,441,310	69,896,654	(0.0001)	0
Marion County Health and Hospital	0.1885	58,178,183,818	109,663,159	(0.0002)	0
Indianapolis Consolidated County	0.1245	58,178,183,818	72,411,392	(0.0001)	0
<b>Total Tax Rate (per \$100 AV)</b>	<b>\$2.5475</b>			<b>(\$0.0278)</b>	<b>\$30,667</b>

(1) Assumes the fund is outside the maximum levy and the tax rate remains constant.  
 Note: The reduction in tax rates could potentially reduce the Circuit Breaker losses incurred by taxing units located in the County.

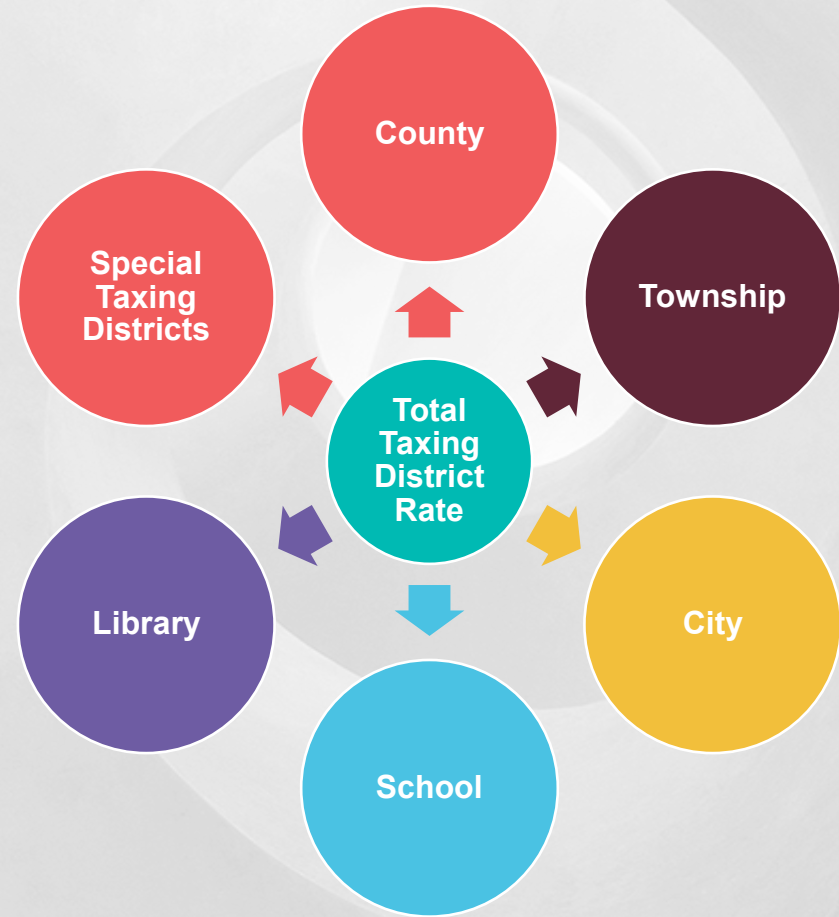


# Impacts





# Overlapping Taxing Units



# IMPACT of TIF

## Does TIF 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 if personal property AV is 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.

