

August 6, 2014

Ms. Dawn Coverdale, Auditor
And Hamilton County Commissioners
33 North 9th Street, Suite L21
Noblesville, Indiana 46060

Mr. Matt Skelton, Dir. Of Economic and Community Development
And the Westfield Common Council
City of Westfield
130 North Penn
Westfield, Indiana 46074

Mr. David Gill, Trustee
And the Washington Township Board
1549 Greyhound Pass
Carmel, Indiana 46032

Dr. Mark Keen, Superintendent
And the Westfield-Washington School Board
322 West Main Street
Westfield, Indiana 46074-9384

Solid Waste Board
c/o Hamilton County Auditor
33 North 9th Street, Suite L21
Noblesville, Indiana 46060

Ms. Sheryl Sollars
And the Westfield-Washington Library Board
333 West Hoover Street
Noblesville, Indiana 46074

Re: Westfield Redevelopment Commission (RDC) – Spring Mill Station Tax Impact Statement

Please find, enclosed, a copy of the Tax Impact Statement relative to the proposed Spring Mill Station Economic Development Area within the City of Westfield, Indiana. The RDC will conduct a public hearing on the Declaratory Resolution that would establish the proposed Economic Development Area on August 18, 2014 at 6:00pm in the Westfield City Hall (see Notice of Public Hearing included within the enclosed Tax Impact Statement). The Official Notice of the Public Hearing will be published in The Times at least 10 days prior to the Public Hearing.

Should you or anyone receiving copies of the enclosed Tax Impact Statement have questions, please do not hesitate to contact Matt Skelton, Director of Economic and Community Development, or me.

Very truly yours,
O. W. KROHN & ASSOCIATES, LLP

James Treat
Partner

Enclosure

Cc: Mr. James T. Crawford, Krieg DeVault LLP
Westfield RDC

**CITY OF WESTFIELD
HAMILTON COUNTY, INDIANA**

**WESTFIELD REDEVELOPMENT COMMISSION
TAX IMPACT STATEMENT**

**SPRING MILL STATION ECONOMIC
DEVELOPMENT AREA**

AUGUST 6, 2014



WESTFIELD REDEVELOPMENT COMMISSION

STATEMENT DISCLOSING THE IMPACT OF THE ESTABLISHMENT OF THE CITY OF WESTFIELD SPRING MILL STATION ECONOMIC DEVELOPMENT AREA AND RELATED ALLOCATION AREA

The City of Westfield ("City") Redevelopment Commission ("Commission") is required by Indiana Code 36-7-14, as amended, to provide a statement disclosing any impact on the overlapping taxing units of establishing or expanding a tax allocation area. This impact statement discloses and explains the impact on the overlapping taxing units caused by establishing an allocation area and capturing potential tax increment.

BACKGROUND ON THE AREA AND PLAN

The Commission adopted a declaratory resolution ("Declaratory Resolution"), Resolution No. 3-2014 on July 21, 2014 establishing the City of Westfield Spring Mill Station Economic Development Area ("Area"), with the entire Area constituting an allocation area ("Allocation Area") under IC 36-7-14 and IC-36-7-25 (collectively "Act"). A copy of the Declaratory Resolution, with attachments, is available from the City Clerk-Treasurer's Office.

The Declaratory Resolution allows for the use of tax increment resulting from the growth in all real property assessed value within the Area in excess of the base assessed value defined in IC 36-7-14-39. The base assessment date for the Area is March 1, 2014.

In the Declaratory Resolution, the Commission found that the Economic Development Plan ("Plan") for the Area will benefit the public health, safety, morals and welfare of the citizens of the City; will increase the economic well being of the City and the State of Indiana; and will serve to protect and increase property values within the City. The Plan is designed to promote significant opportunities for the gainful employment of citizens of the City, assist in the attraction of new business enterprises to the City, provide for local public improvements in, serving or benefiting the Area, attract and retain permanent jobs, increase the property tax base and improve the diversity of the economic base. Furthermore, the Commission found that the Plan cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resort to the powers allowed the Commission under IC 36-7-14 due to: (1) the lack of local public improvements; and (2) multiple ownership of land; and (3) there is no regulatory process available to build infrastructure or provide incentives to encourage economic growth.

PROJECT SUMMARY

In order to accomplish the Plan, the Commission will encourage the development of the Area by funding the acquisition, construction and installation of infrastructure improvements, including, but not limited to, the construction and improvement of roads, utilities, drainage and retention facilities, public amenities such as trailheads, playgrounds, plazas, parks, etc., parking facilities and expansion or extension of fiber optic network in order to make the Area economically stable for gainful employment and to influence future commercial development (collectively, "Project"). The Commission envisions the possibility of issuing bonds payable from tax increment revenues derived from the Area. If additional projects are necessary in order to fully develop the Area, the Commission will amend the Plan in accordance with the Act.

TAX INCREMENT

The Commission and the City intend to finance the Project through a combination of tax increment financing (TIF) bonds and other sources. The ultimate funding combination will be determined based upon the potential tax increment from specific commercial and / or industrial projects that locate in the Area. The Commission intends to capture the increases in real property assessed value from commercial and industrial developments within the Area. All increases in personal property assessed value are not being captured and will immediately benefit all overlapping taxing units.

Example: Assume that the Company Project is constructed in the Area and invests \$1,000,000 in real property improvements and \$500,000 in personal property (equipment). Further assume that the real property assessment amounts to 100% of the investment and the personal property assessment amounts to 30% of the investment. Finally, assume that the net effective tax rate amounts to \$2.00.

The annual **real property tax increment to be captured** by the Redevelopment Commission would amount to the following:

$$\$1,000,000 \times 100\% \times \$0.02 = \$20,000$$

The **personal property assessed value would not be captured**, but **would flow through to the overlapping taxing units**. While increases in assessed value do not directly translate into increases in property tax revenues, the increased assessed value would have a positive impact on the property tax rates.

Of course, if tax abatement is granted, these annual revenues would be phased in over a period of time (i.e. up to 10 years). However, tax abatement is not anticipated at this time for the proposed development.

ESTIMATED IMPACT OF CREATING THE CITY OF WESTFIELD SPRING MILL STATION ECONOMIC DEVELOPMENT AREA -

The estimated tax impact on the overlapping taxing units is illustrated in Schedule A below. The increase in real property assessed value to be captured by the Commission will not reduce the existing tax levy of any of the overlapping taxing units. In fact, the incremental assessed valuation of the personal property in the Area will have a favorable impact on the overlapping taxing units. The pay 2014 tax base, tax rates and estimated property tax levies (without adjustment for circuit breaker credits) of the overlapping taxing units are as follows:

PRESENT SITUATION:

<u>Taxing Unit</u>	<u>True Tax Value</u>	<u>Tax Rate</u>	<u>Tax Levy</u>
Hamilton County	\$17,732,952,928	\$0.2716	\$48,162,700
Hamilton County - Cumulative Court House	\$17,732,952,928	\$0.0030	\$531,989
Hamilton County - County Major Bridge	\$17,732,952,928	\$0.0154	\$2,730,875
Hamilton County - Cumulative Cap. Devel.	\$17,732,952,928	\$0.0154	\$2,730,875
Washington Township	\$1,956,891,286	\$0.0069	\$135,025
City of Westfield	\$1,765,628,544	\$0.7591	\$13,402,886
City of Westfield - Cumulative Cap. Devel.	\$1,765,628,544	\$0.0484	\$854,564
Westfield-Washington School Corp	\$1,956,891,286	\$1.4248	\$27,881,787
Westfield-Washington School Corp - Capital Projects	\$1,956,891,286	\$0.2702	\$5,287,520
Westfield-Washington Schools - Referendum	\$2,078,557,588	\$0.2300	\$4,780,682
Westfield Public Library	\$1,956,891,286	\$0.0479	\$937,351
Hamilton County Solid Waste Management	\$17,732,952,928	\$0.0033	\$585,187
Total Tax Rate (per \$100 TTV)		<u>\$3.0960</u>	

SCHEDULE A: (assumes the Area is created and increases in real property assessed values are captured by the Commission)

<u>Taxing Unit</u>	<u>True Tax Value</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Difference</u>
Hamilton County	\$17,732,952,928	\$0.2716	48,162,700	\$0
Hamilton County - Cumulative Court House	\$17,732,952,928	\$0.0030	531,989	\$0
Hamilton County - County Major Bridge	\$17,732,952,928	\$0.0154	2,730,875	\$0
Hamilton County - Cumulative Cap. Devel.	\$17,732,952,928	\$0.0154	2,730,875	\$0
Washington Township	\$1,956,891,286	\$0.0069	135,025	\$0
City of Westfield	\$1,765,628,544	\$0.7591	13,402,886	\$0
City of Westfield - Cumulative Cap. Devel.	\$1,765,628,544	\$0.0484	854,564	\$0
Westfield-Washington School Corp	\$1,956,891,286	\$1.4248	27,881,787	\$0
Westfield-Washington School Corp - Capital Projects	\$1,956,891,286	\$0.2702	5,287,520	\$243
Westfield-Washington Schools - Referendum	\$2,078,557,588	\$0.2300	4,780,682	\$0
Westfield Public Library	\$1,956,891,286	\$0.0479	937,351	\$0
Hamilton County Solid Waste Management	\$17,732,952,928	<u>\$0.0033</u>	585,187	\$0
Total Tax Rate (per \$100 TTV)		<u><u>\$3.0960</u></u>		

SCHEDULE B: Illustrates, for illustrative purposes only, the impact of \$1,000,000 of increased assessed value from an investment of \$1,000,000 in real property improvements on the impacted taxing units if the Allocation Area is not established. Schedule B conservatively assumes that the investment in the Area will occur regardless, and, therefore assumes that if the Allocation Area were not established, the incremental assessed value would be passed on to the other taxing units.

Taxing Unit	True Tax Value	Tax Rate	Tax Levy	Change from Schedule A	
				Tax Rate	Levy
Hamilton County	17,733,952,928	0.2716	48,162,700	0.0000	0
Hamilton County - Cumulative Court House	17,733,952,928	0.0030	532,019	0.0000	30
Hamilton County - County Major Bridge	17,733,952,928	0.0154	2,731,029	0.0000	154
Cumulative Capital Development	17,733,952,928	0.0154	2,731,029	0.0000	154
Washington Township	1,957,891,286	0.0069	135,025	0.0000	0
City of Westfield	1,766,628,544	0.7587	13,402,886	-0.0004	0
City of Westfield - Cumulative Capital Development	1,766,628,544	0.0484	855,048	0.0000	484
Westfield-Washington School Corporation	1,957,891,286	1.4241	27,881,787	-0.0007	0
Westfield-Washington School Corporation - Capital Projects	1,957,891,286	0.2702	5,290,222	0.0000	2,459
Westfield-Washington School Corporation - Referendum	2,079,557,588	0.2299	4,780,682	-0.0001	0
Westfield Public Library	1,957,891,286	0.0479	937,351	0.0000	0
Hamilton County Solid Waste Management	17,733,952,928	0.0033	585,187	0.0000	0
		<u>3.0948</u>		<u>(0.0012)</u>	<u>3,281</u>

IMPACT SUMMARY

The Commission has determined that capturing the increases in real property assessed valuation in the Area would not have a negative impact on anticipated revenues or tax rates of the taxing units that are wholly or partially located in the Area, because the increases in assessed value from personal property will not be captured and the increases in assessed value from real property are dependent upon the construction of the infrastructure contemplated in the plan. In fact, the establishment of the Area and the construction of the Project will have several positive impacts on the taxing units and taxpayers of the City. The increased real property assessed value from development of the Area will be captured as Tax Increment and used to pay the costs incurred to accomplish the Plan and construct the Project. The taxing units, and subsequently the taxpayers of the City, would benefit from increases in local option income taxes from: (1) the additional jobs, (2) any additional revenues that may be generated due to the economic ripple effect that economic development would provide; and, (3) the increases in residential and personal property assessed value flowing through immediately.

Please note that for purposes of estimating the impact of Tax Increment, certain factors were held constant in this analysis. No other growth in real or personal property assessed value was assumed to take place anywhere in the City, other than the anticipated development within the Area. No increases in the budgets of the overlapping taxing units were assumed for purposes of this analysis. Potential impacts from future annexations and statewide reassessments and circuit breaker credits were not included in this analysis.

It should be further noted that this impact analysis attempts to show the impact on the funding of the Westfield-Washington School Corporation (“School”) in a simplified manner consistent with

that shown for the other taxing units. Normally, the tax rates of the School funds would decrease if the assessed value increases, but this analysis assumes no impact because the assessed value growth would not occur without the establishment of the Area and construction of the Project to spur the private investment and assessed value growth.