

Fiscal Health Indicators: Tax Increment Finance (TIF)

File: TIF Data.xlsx

Description:

Counties, cities, and towns can establish tax increment finance (TIF) districts through a redevelopment commission or authority. TIF districts allow the redevelopment commission or authority to receive tax revenues from growth in assessed value within the TIF district and then use those revenues for projects within the TIF district. These projects typically are designed to encourage further development and growth within the TIF district or surrounding area.

While counties, cities, and towns are the only local governments that can create TIF districts, all local governments operating in a TIF district may be impacted by the existence of the TIF district. This applies to all local governments that levy a property tax levy, including counties, townships, schools, cities, towns, libraries, and special districts. For local governments operating in a TIF district, the TIF district impacts the taxing base on which the local government can generate property tax revenues. As a result, the local government's property tax levy may be applied to a smaller taxing base than what may have been available if the TIF district did not exist. This can have the impact of increasing property tax rates and losses associated with the imposition of property tax caps.

Fiscal Health Indicator:

TIF Incremental Assessed Value as Percent of Certified Net Assessed Value

- TIF Incremental Assessed Value – The assessed value on which a redevelopment commission or authority is generating property tax revenues
- Certified Net Assessed Value – The assessed value on which property tax rates are calculated. This may differ from the actual assessed value billed due to the additional deductions, exemptions, or processing of appeals.

This indicator identifies the percentage by which the Certified Net Assessed Value would have been increased if the TIF districts within the local government did not exist or did not capture the revenue from the TIF Incremental Assessed Value. Increased net assessed value typically has the impact of reducing property tax rates, if local government spending is static.

Source: Certified Net Assessed Values and Budget Certification Data for Pay 2013 and Pay 2014.

Fiscal Health Indicator:

TIF Passthrough Assessed Value as Percent of Certified Net Assessed Value

- TIF Passthrough Assessed Value – On an annual basis, a redevelopment commission or authority can determine that it does not need to capture revenue on all of the assessed value growth

within the TIF district. This assessed value is then “passed through” to the local governments, allowing the local governments to receive revenue from this assessed value.

- Certified Net Assessed Value – The assessed value on which property tax rates are calculated. This may differ from the actual assessed value billed due to the additional deductions, exemptions, or processing of appeals.

This indicator identifies the percentage of the Certified Net Assessed Value that has been released by a redevelopment commission or authority for a given year. TIF Passthrough Assessed Value has the impact of increasing the net assessed values on which the local governments can tax, which typically will decrease property tax rates. While having TIF Passthrough Assessed Value in a given year is generally positive for a local government, the redevelopment commission or authority can change the amount of TIF Passthrough Assessed Value in any given year as the redevelopment commission or authority has first priority on this assessed value. As such, a local government that has a large percentage of its Certified Net Assessed Value that has come from TIF Passthrough Assessed Value may be subject to fluctuations in assessed value in future years which could result in significant changes in property tax rates year over year.

Source: Certified Net Assessed Values and Budget Certification Data for Pay 2013 and Pay 2014.

Fiscal Health Indicator:

Number and Size of TIF District Established by a Political Subdivision

- NOTE: This indicator applies only to counties, cities, and towns as they are the only local governments authorized to create TIF districts.

Counties, cities, and towns are required to submit a report annually to the Department by October 1 which identifies the TIF districts established by local government. For each TIF district, the local government must also report prior year revenues, expenses, and debt supported by the TIF district. They must also provide a parcel list and assessed value information for each parcel within the TIF district. The data for this indicator is derived from these submissions. This data may be influenced by lack of submission by a local government or any data error made by the unit in reporting this information to the Department. For further information about a unit’s TIF districts, please visit the Gateway TIF Viewer at <http://gateway.ifionline.org/TIFviewer/>.

Source: TIF Management reports submitted to the Department as required by IC 36-7-14-13(e).

Other Resources:

- TIF Viewer: <http://gateway.ifionline.org/TIFviewer/>
- Report on Redevelopment: http://in.gov/dlgr/files/Report_on_Redevelopment_1409304.pdf
- Redevelopment Commission Reports on Gateway: https://gateway.ifionline.org/report_builder/Default2.aspx?rptType=redev