

## **TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

### **STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

The Town of Brownsburg Redevelopment Commission is required by Indiana Code 36-7-14, as amended (the “Act”), to provide a statement disclosing the impact of expanding a tax allocation area on the overlapping taxing units. This impact statement discloses and explains the impact on the overlapping taxing units caused by expanding the allocation area and capturing Tax Increment (as hereinafter defined).

#### **EXPANSION OF THE AREA AND RESTATEMENT OF THE PLAN**

The Town of Brownsburg Redevelopment Commission (the “Commission”) adopted a declaratory resolution on September 1, 1992 and subsequent resolutions in 1994, 2005 and 2006 (the “Adopting Resolutions”) establishing and expanding the Brownsburg North Beltway Economic Development Area and a coterminous allocation area (the “Original Area”) and approved an economic development plan for the Original Area (the “Plan”). The Original Area is located in the Town of Brownsburg and Brownsburg – Brown Township taxing districts. On October 5, 2010, the Commission adopted a resolution (the “Amending Resolution”) to expand the Original Area, including the coterminous allocation area, to include designated publicly-owned land, thoroughfares and rights-of-way not already included in the Original Area (the “2010 Expansion Area”). The Original Area and the 2010 Expansion Area are collectively referred to as the “2010 Area.” The Amending Resolution also approved an Amended Economic Development Plan (the “2010 Plan”). The 2010 Expansion Area was approved by the Order of the Indiana Economic Development Corporation issued on September 24, 2010.

On October 2, 2012, the Commission adopted an amended and restated declaratory resolution (the “2012 Resolution”) for the purposes of expanding the 2010 Area to include territory recently annexed into the Town along the current and proposed route of the Ronald Reagan Parkway in the southeast sector of the Town (the “2012 Expansion Area”). (The 2010 Area and the 2012 Expansion Area are all together referred to as the “2012 Area” or the “Area.”) The 2012 Resolution also approved a Restated Economic Development Plan (the “Development Plan”) for the entire North Beltway Economic Development Area, replacing all prior plans for the Area.

The Commission finds that the Development Plan for the Area will benefit the public health, safety, morals and welfare of the citizens of the Town, increase the economic well-being of the Town and the State of Indiana, protect and increase property values in the Town and State of Indiana and allow the Town to create economic and employment opportunities not otherwise available in the absence of the Development Plan. The Development Plan is further designed to promote significant opportunities for the gainful employment of citizens of the Town, attract major new business enterprises to the Town, retain and expand existing significant business enterprises in the Town, provided for needed local public infrastructure improvements in the Area, resolve problems associated with multiple ownership of land, attract and retain permanent jobs, increase the property tax base and improve the diversity of the economic base of the Town and the State of Indiana.

**TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

**STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE  
NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

**EXPANSION OF THE AREA AND RESTATEMENT OF THE PLAN (Cont'd)**

Specifically, the Development Plan is designed to provide financing for much needed roadway, transportation, sewer, storm water, water supply, transportation and parking improvements and parks and recreation facilities and funding for future economic development facilities for properties in, serving or benefiting the Area and physically connected to the Area to promote the full economic development of the Area.

The Town of Brownsburg (the “Town”) adopted a new Comprehensive Plan on July 26, 2012 (the “Comprehensive Plan”) to serve as a guide for land use and development for the Town and the newly annexed area. The Comprehensive Plan has been incorporated into the Development Plan.

Tax Increment consists of all property tax proceeds from the assessed valuation of non-residential real property in the Area as of the assessment date in excess of the base assessed valuation described in Section 39(b)(1) of the Act, multiplied by the current property tax rate (referred to throughout this Report as the “Tax Increment”). The base assessed value means the net assessed value of all the property in an allocation area as finally determined for the assessment date immediately preceding the effective date of a declaratory resolution establishing the allocation area pursuant to Section 39 of the Act. The base assessment date of the Original Area is March 1, 1992; the base assessment date of the 2010 Expansion Area is March 1, 2010; the base assessment date of the 2012 Expansion Area is March 1, 2012.

**PROJECT SUMMARY**

The 2012 Expansion Area includes approximately 2,143 acres surrounding the Ronald Reagan Parkway which was recently annexed into the Town. The Ronald Reagan Parkway is a north-south corridor that will eventually connect two major interstates, I-70 to I-74, and potentially extend further north to I-65 in Boone County and provide connectivity between the Towns of Plainfield, Avon and Brownsburg within Hendricks County. The 2012 Expansion Area is located west of the City of Indianapolis and adjacent to the Indianapolis International Airport and is intersected by two major rail lines. The 2012 Expansion Area includes Lucas Oil Raceway, Nitro Ally and several existing industrial users. However, much of the 2012 Expansion Area is currently undeveloped and underdeveloped due to a lack of adequate infrastructure.

## **TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

### **STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

#### **PROJECT SUMMARY (Cont'd)**

The Comprehensive Plan notes that the completion and development of the Ronald Reagan Parkway as a new regional artery may have “the most significant impact on long-term commercial development within both the community and the larger area.” The 2012 Expansion Area is ideally suited for large-scale, regional development, office and industrial development and single and multi-family residential development. The Comprehensive Plan for this Area is anticipated to develop over the next ten to fifteen years and anticipates that the future development would likely include a regional campus of offices, hotels, restaurants and shopping facilities centered on the corridor.

The Development Plan is designed to assist in the implementation of the Comprehensive Plan in the Area. The Commission proposes that the Development Plan will proceed in two phases. Phase I will consist of the planning and engineering of projects in the Area, including drawings and specifications for roads, bridges, transportation and parking facilities, water, sewer and storm water drainage projects, streetscape and signage projects, recreational trails and optical fiber infrastructure. Additionally, Phase I will incorporate the planning and specifications for new construction, modification or improvement for the purpose of enlarging the current Town water and wastewater treatment capabilities, including plant construction and improvements, lift stations, water towers (if necessary) and water, sewer and storm water lines. Phase II will consist of the construction and implementation of items included in Phase I (the “Improvements”). Parts of Phase II may run concurrently with Phase I depending on available financing.

The Commission estimates that the cost of implementing the Development Plan will be \$181,500,000. The Commission anticipates that the Improvements will facilitate additional commercial development in the 2012 Expansion Area in the future (the “Future Development”). The Commission anticipates funding the Improvements from Tax Increment generated from the Area through the issuance of bonds or lease financing.

#### **ESTIMATED TAX INCREMENT**

*2010 Area:* Per the County Auditor’s TIF database for 2011 taxes payable 2012, there is currently \$14,164,756 (\$71,517,300 less \$28,352,544 of base assessed value less \$29,000,000 of pass-through assessed value) of incremental assessed value in the 2010 Area. The incremental assessed value is multiplied by the certified 2012 tax rate for the Town of Brownsburg of \$3.2066 per \$100 of assessed value, reduced by the Circuit Breaker Tax Credit (herein defined) of \$54,360 (per the 2012 Hendricks County Abstract), resulting in estimated net real property Tax Increment from the existing development of \$399,850.

**TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

**STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE  
NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

**ESTIMATED TAX INCREMENT (Cont'd)**

*2012 Expansion Area:* The development of the 2012 Expansion Area (and especially the pace of development) will be largely driven by the funding and construction of new infrastructure in and serving the Area. Tax Increment from Future Development is anticipated to provide the primary source of funding and local match for potential State funds. No specific new developments have been identified at this time.

For the purposes of this impact analysis, the illustrative Tax Increment from the Future Development is based on a hypothetical \$50,000,000 investment. The estimated incremental assessed value from the hypothetical real property investment is multiplied by the certified 2012 tax rate of \$3.2066 (per \$100) for the Town of Brownsburg, to generate illustrative annual Tax Increment of \$1,500,000, after the application of the estimated Circuit Breaker Tax Credits.

The actual assessed value of any Future Developments would be determined by the Hendricks County Assessor. For purposes of illustration, we have assumed the Future Development will occur only in the portion of the 2012 Expansion Area that is located in the Town of Brownsburg taxing district. No adjustment for future statewide reassessments or trending was made in this analysis. Future tax rates and assessed value may differ from the tax rates and assessed value used in this illustrative analysis. See the Sections below for additional information about the recent legislative changes as they relate to property tax changes.

***Circuit Breaker Tax Credits (Property Tax Caps)***

In 2007, the Indiana General Assembly enacted legislation (IC 6-1.1-20.6), which would provide taxpayers with a tax credit for property taxes in an amount that exceeded a certain percentage of the gross assessed value of real and personal property (the "Circuit Breaker Tax Credit") in effect creating a property tax cap.

Beginning with property taxes payable in 2010, and every year thereafter, property taxes for homesteads are limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property are limited to 3.0% of gross assessed value. In November of 2010, Indiana voters passed a proposal to add the Circuit Breaker Tax Credit to the Indiana Constitution at the 1.0%, 2.0% and 3.0% levels, with special provisions applicable to Lake and St. Joseph Counties. Additional property tax limits have been made available to senior citizens that meet certain income and property assessed value thresholds.

**TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

**STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE  
NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

**ESTIMATED TAX INCREMENT (Cont'd)**

***Circuit Breaker Tax Credits (Property Tax Caps) (Cont'd)***

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit. In this analysis, the Circuit Breaker Tax Credit is estimated to reduce the Tax Increment for the Future Development, due to the fact that the current Tax Increment estimate, based on the certified 2012 tax rate, is above the maximum threshold of 2.0% of the gross assessed value for non-homestead residential and agricultural properties and 3.0% of the gross assessed value of other real and personal property. There can be no assurance that the levies and tax rates of the Town and the overlapping taxing units will not decrease in some future year to the point of causing the Circuit Breaker Tax Credit to not be applied to property taxpayers' tax bills.

**ESTIMATED IMPACT OF EXPANDING THE AREA**

The schedule entitled "Estimated Impact of Expanding the North Beltway Economic Development Area and Allocation Area on the Overlapping Taxing Units" provides an estimate of the effect on the tax rates of the overlapping taxing units (*holding all other factors constant*) of expanding the allocation area provision to capture additional incremental real property assessed value from the Future Development in the 2012 Expansion Area.

**Scenario I: Present Situation (Prior to Expanding the Area)**

Scenario I represents the current situation (based on payable 2012 property tax information) prior to amending the allocation area provision. Scenario I presents the payable 2012 assessed values, property tax levies and tax rates for the overlapping taxing units and provides the estimated Tax Increment which is currently captured in the 2010 Area.

**Scenario II: Assumes the Area is Expanded**

Scenario II depicts the impact on the overlapping taxing units (*holding all other factors constant*) if the 2012 Expansion Area is established, and assumes that the illustrative incremental assessed value from the hypothetical Future Development in the Area is \$50,000,000. The illustrative incremental assessed value is estimated to generate \$1,500,000 of additional annual Tax Increment, which would be used to fund Improvements needed to facilitate the new development.

**TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

**STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE  
NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

**ESTIMATED IMPACT OF EXPANDING THE AREA (CONT'D)**

**Scenario III: Assumes the Area is NOT Expanded**

Scenario III represents the impact on the overlapping taxing units if the 2012 Expansion Area is not established, and, therefore, assumes that the needed Improvements cannot be funded and, therefore, the Future Development would not occur.

**Impact Summary**

The Commission has determined that the capture of increases in assessed value from the Future Development in the 2012 Expansion Area will not have a significant impact on anticipated revenues or the tax rates of the taxing units that are wholly or partially located in the 2012 Expansion Area. The Commission believes that the Future Development would not occur without the benefit of the Improvements. The Improvements cannot be funded by the regulatory processes or by the ordinary operation of this private enterprise without resort to the powers of the Commission. Because the Future Development (and the new assessed value) may not occur without the Improvements, the Commission does not believe that there is a negative impact on the taxpayers or the taxing units from establishing the 2012 Expansion Area.

The Town does not have any other method of financing all the needed Improvements (with the underlying assumption that the Town would not issue bonds payable from property taxes or from another source of funding, without the prospect of replacing some or all of that source with Tax Increment). Therefore, by establishing the 2012 Expansion Area and capturing the future Tax Increment, the Town will be able to fund all or a portion of the Improvements set forth in the Development Plan to facilitate additional growth in the 2012 Expansion Area without the need to rely upon other Town funds.

Please note that for purposes of estimating the impact of Tax Increment financing, certain factors were held constant in this analysis. No other growth in real or depreciable personal property assessed value was assumed to take place anywhere in the Town or within the Area. No increases in the budgets of the overlapping taxing units were assumed for purposes of this analysis. Potential impacts from future statewide reassessments or trending were not included in this analysis.

**TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

**STATEMENT DISCLOSING THE IMPACT OF EXPANDING THE  
NORTH BELTWAY ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA**

**ESTIMATED IMPACT OF EXPANDING THE AREA (CONT'D)**

**Other Tax Impacts**

The Future Development may include depreciable personal property, which may not all be designated and captured as Tax Increment, and this non-captured amount would flow immediately into the overall tax base of the overlapping taxing units. The Future Development would create new jobs. Additional local income taxes could be generated from the new jobs associated with the Future Development, assuming the new employees will be new residents of Hendricks County or from incremental growth in wages and income of current and new employees. Additional revenue sources, which would potentially increase as a result of new business enterprises which could locate in the 2012 Expansion Area include: motor vehicle highway funds, local road and street funds and excise taxes.

**TOWN OF BROWNSBURG (INDIANA) REDEVELOPMENT COMMISSION**

**ESTIMATED IMPACT OF EXPANDING THE NORTH BELTWAY ECONOMIC DEVELOPMENT AREA  
AND ALLOCATION AREA ON OVERLAPPING TAXING UNITS (1)**

Town of Brownsburg Taxing Unit	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy
<b>SCENARIO I: <u>PRESENT SITUATION</u></b>			
Represents 2011 taxes payable 2012 property tax levies, assessed valuation, and tax rates.			
Hendricks County	\$0.3153	\$6,917,969,818	\$21,812,359
Hendricks County Cumulative Funds (2)	0.0194	6,917,969,818	1,342,086
Lincoln Township	0.0070	1,178,826,881	82,518
Brownsburg Civil Town	0.7627	904,394,354	6,897,816
Brownsburg Civil Town Cumulative Fund (2)	0.0491	904,394,354	444,058
Brownsburg Civil Town Fire Funds	0.3380	1,731,591,802	5,852,780
Brownsburg Community School Corporation	1.3823	1,714,601,507	23,700,937
Brownsburg Community School Corp. Cap. Projects Fund (2)	0.2608	1,714,601,507	4,471,681
Brownsburg Public Library	0.0720	1,714,601,507	1,234,513
Total Tax Rate (per \$100 AV)	<u>\$3.2066</u>		

TIF Allocation Fund	Rate	Assessed Value	Circuit Breaker	Net Increment
Current Tax Increment - 2010 Area (3)	\$3.2066	\$14,164,756	(\$54,360)	\$399,850

SCENARIO II: <u>ASSUMES THE AREA IS EXPANDED</u>				Rate Difference From Scenario I	Levy Difference From Scenario I
Assumes the illustrative incremental assessed value from the hypothetical Future Development of \$50 million is captured.					
Hendricks County	\$0.3153	\$6,917,969,818	\$21,812,359	\$0.0000	\$0
Hendricks County Cumulative Funds (2)	0.0194	6,917,969,818	1,342,086	0.0000	0
Lincoln Township	0.0070	1,178,826,881	82,518	0.0000	0
Brownsburg Civil Town	0.7627	904,394,354	6,897,816	0.0000	0
Brownsburg Civil Town Cumulative Fund (2)	0.0491	904,394,354	444,058	0.0000	0
Brownsburg Civil Town Fire Funds	0.3380	1,731,591,802	5,852,780	0.0000	0
Brownsburg Community School Corporation	1.3823	1,714,601,507	23,700,937	0.0000	0
Brownsburg Community School Corp. Cap. Projects Fund (2)	0.2608	1,714,601,507	4,471,681	0.0000	0
Brownsburg Public Library	0.0720	1,714,601,507	1,234,513	0.0000	0
Total Tax Rate (per \$100 AV)	<u>\$3.2066</u>			<u>\$0.0000</u>	<u>\$0</u>

TIF Allocation Fund	Rate	Assessed Value	Circuit Breaker	Net Increment
Current Tax Increment - 2010 Area (3)	\$3.2066	\$14,164,756	(\$54,360)	\$399,850
Illustrative Tax Increment - 2012 Expansion Area	3.2066	50,000,000	(103,300)	1,500,000
Total		<u>\$64,164,756</u>	<u>(\$157,660)</u>	<u>\$1,899,850</u>

SCENARIO III: <u>ASSUMES THE AREA IS NOT EXPANDED</u>				Rate Difference From Scenario I	Levy Difference From Scenario I
Assumes the Improvements cannot be funded and therefore the Future Development does not occur.					
Hendricks County	\$0.3153	\$6,917,969,818	\$21,812,359	\$0.0000	\$0
Hendricks County Cumulative Funds (2)	0.0194	6,917,969,818	1,342,086	0.0000	0
Lincoln Township	0.0070	1,178,826,881	82,518	0.0000	0
Brownsburg Civil Town	0.7627	904,394,354	6,897,816	0.0000	0
Brownsburg Civil Town Cumulative Fund (2)	0.0491	904,394,354	444,058	0.0000	0
Brownsburg Civil Town Fire Funds	0.3380	1,731,591,802	5,852,780	0.0000	0
Brownsburg Community School Corporation	1.3823	1,714,601,507	23,700,937	0.0000	0
Brownsburg Community School Corp. Cap. Projects Fund (2)	0.2608	1,714,601,507	4,471,681	0.0000	0
Brownsburg Public Library	0.0720	1,714,601,507	1,234,513	0.0000	0
Total Tax Rate (per \$100 AV)	<u>\$3.2066</u>			<u>\$0.0000</u>	<u>\$0</u>

- (1) Based on information provided from the 2012 Budget Order. Current Tax Increment is based on information from the Hendricks County Auditor's office.
- (2) Tax rates are not adjusted for rate driven funds. Assumes these funds are at their maximum rates.
- (3) Adjusted to reflect \$29,000,000 of assessed value that is currently passed through to the overlapping taxing units.

(Subject to the attached Impact Statement  
dated November 20, 2012)