STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
BUDGET DIVISION

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TO: **County Auditors and Redevelopment Commissions**

FROM: **Dan Jones, Assistant Director, Budget Division**

SUBJECT: **Redevelopment Commission Responsibilities Regarding Excess Assessed Valuation**

DATE: **May 10, 2016**

This memorandum provides guidance to county auditors regarding the statutory responsibility of redevelopment commissions to determine and report the amount of any excess assessed value within Tax Increment Finance ("TIF") districts before June 15 of each year. (IC 36-7-14-39(b)(4)).

The Department of Local Government Finance ("Department") recommends that each county auditor contact his or her county's redevelopment commissions to notify them of this responsibility.

Reporting the excess assessed value is especially important when a referendum has been approved for a unit or school within the TIF allocation area.

Each redevelopment commission must submit a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. Each redevelopment commission must submit a copy of the notice to the Department electronically. The notice must include:

1) The amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units; or
2) A statement that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units.

To determine the amount of excess assessed value, each redevelopment commission must, pursuant to IC 36-7-14-39(b)(4)(A), "Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds" and other purposes as described in IC 36-7-14-39(b)(3).

The county auditor must allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units if to do so would endanger the interests of lessors or the holders of bonds.

If the amount of excess assessed value determined by the commission is expected to generate more than 200% of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds, plus the amount necessary for other purposes described in subdivision IC 36-7-14-39(b)(3), the commission must submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units. The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units.

Instructions on submitting the notice electronically to the Department are forthcoming.

If you have any questions, please contact Dan Jones, Assistant Director, Budget Division, at 317.232.0651 or djones@dlgf.in.gov.