

DEARBORN COUNTY (INDIANA) REDEVELOPMENT COMMISSION

STATEMENT DISCLOSING THE IMPACT OF ESTABLISHING THE BRIGHT ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA

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

ESTABLISHMENT OF THE AREA, THE ALLOCATION AREA, AND THE PLAN

The Commission adopted a declaratory resolution on July 9, 2024 (the "Declaratory Resolution") establishing the Bright Economic Development Area (the "Area") identified by the map in Exhibit A-1 and Exhibit A-2 of the Declaratory Resolution, the Bright Allocation Area (the "Allocation Area") as described in Exhibit A-2 of the Declaratory Resolution, and approving an economic development plan for the Area (the "Plan"), in, serving or benefitting the Area, pursuant to section 53 of the Act. The Declaratory Resolution allows for the capture of Tax Increment (herein defined) generated from the incremental assessed value of real property located in the Allocation Area.

In the Declaratory Resolution, the Commission finds that the Plan for the Area promotes significant opportunities for the gainful employment of the citizens of Dearborn County, Indiana (the "County"), will assist in attracting a major new business enterprise to the County, may result in the retention or expansion of significant business enterprise existing in the County, and meets other purposes of the Act, including without limitation benefiting the public health, safety, morals and welfare, increasing the economic well-being of the County and the State of Indiana (the "State"), and serving to protect and increase property values in the County and the State.

The Commission also finds in the Declaratory Resolution that the Plan for the Area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resort to the powers provided to the Commission under the Act due to lack of public improvements, existence of improvements or conditions that lower the value of the land below that of nearby land, or other similar conditions, including without limitation the cost of the projects contemplated by the Plan. The accomplishment of the Plan will benefit the public health and welfare and will be of public utility and benefit as measured by the attraction or retention of permanent jobs, an increase in the property tax base, improved diversity of the economic base, and other similar public benefits.

The Commission will capture incremental real property within the Allocation Area in excess of the base assessed value. Tax Increment consists of all property tax proceeds from the assessed valuation of real property in the Allocation 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, less any rate established for referendum (referred to throughout this Report as the "Tax Increment"). The base assessed value means the net assessed value of all the property in the Allocation Area as finally determined for the assessment date immediately preceding the effective date of the Declaratory Resolution establishing the Allocation Area pursuant to Section 39 of the Act.

The base assessment date of the Allocation Area is January 1, 2024. The Allocation Area shall expire no later than 25 years after the date on which the first obligation is incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues derived from the Allocation Area.

PROJECT SUMMARY

In order to implement the Plan, the Commission intends to undertake public infrastructure projects in, serving or benefitting the Area, including but not limited to the construction of certain infrastructure improvements, including water, sewer, and stormwater infrastructure, sidewalks, parking lot improvements, signage, street lighting, and other projects needed to support the proposed "New Development" located within the Allocation Area (collectively, the "Projects"). The New Development will include a mix of commercial development including a medical office, a restaurant, and a retail banking branch. In addition, the Projects are anticipated to support additional residential development including but not limited to a rental townhome project (the "Future Development"). Any homestead residential development within the Area would not be captured and would therefore increase the property tax base of the County. The New Development will require public investment to make commercial development feasible.

DEARBORN COUNTY (INDIANA) REDEVELOPMENT COMMISSION

**STATEMENT DISCLOSING THE IMPACT OF ESTABLISHING THE BRIGHT ECONOMIC DEVELOPMENT
AREA AND ALLOCATION AREA**

PROJECT SUMMARY (Cont'd)

The New Development is located along Stateline Road, an important north-south arterial road in this area and improvement of infrastructure in the Area will benefit the County by improving access to infrastructure, housing, and amenities benefiting and serving the Area. The Allocation Area requires significant public infrastructure including but not limited to roadway and utility improvements. The Commission intends to utilize Tax Increment revenues generated in the Allocation Area to fund the Projects and may issue bonds or enter into leases payable from the Tax Increment in order to fund all or a portion of the Projects.

ILLUSTRATIVE TAX INCREMENT

The Commission intends to capture the real property Tax Increment from the New Development and Future Development in the Allocation Area. For purposes of this impact analysis, illustrative real property Tax Increment from the New Development and Future Development is based on an illustrative total real property incremental assessed value of \$2,600,000 in the Harrison Township taxing district. The illustrative incremental assessed value is multiplied by the 2024 tax rate for the Harrison Township taxing district of \$1.8630 (per \$100 of assessed value) to generate \$48,440 of illustrative annual real property Tax Increment. The actual assessed value of any future development will be determined by the Dearborn County Assessor upon the completion of such New Development and Future Development.

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 values used in this analysis, and the differences could have a material impact on the actual Tax Increment. See the sections below for additional information about the Circuit Breaker Tax Credit as it relates to property tax changes.

The calculation of Tax Increment may not include a tax rate that is imposed as a result of a referendum passed after 2009. Currently, no post-2009 referendum tax rates are in place in the Harrison Township taxing district. Assuming no change in law, any future referendum-approved tax rates will not be included in the calculation of Tax Increment in the Allocation Area. The incremental assessed value that will result from the New Development, or any additional New Development will be included in the tax base of the applicable taxing unit for the purposes of calculating the property tax levy associated with a referendum-approved tax rate.

Circuit Breaker Tax Credits (Property Tax Caps)

Article 10, Section 1 of the Constitution of the State of Indiana (the "Constitutional Provision") provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. Indiana Code § 6-1.1-20.6 (the "Statute") authorizes such limits in the form of a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (the "Circuit Breaker Tax Credit"). For property assessed as a homestead (as defined in Indiana Code § 6-1.1-12-37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead.

Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3% of the gross assessed value. The Statute provides additional property tax limits for property taxes paid by certain senior citizens.

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. Political subdivisions may not increase their 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.

DEARBORN COUNTY (INDIANA) REDEVELOPMENT COMMISSION

**STATEMENT DISCLOSING THE IMPACT OF ESTABLISHING THE BRIGHT ECONOMIC DEVELOPMENT
AREA AND ALLOCATION AREA**

ESTIMATED TAX INCREMENT (Cont'd)

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

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute.

In this analysis, the Circuit Breaker Tax Credit is not assumed to reduce the total Tax Increment in the Allocation Area, due to the fact that the certified pay 2024 tax rate is below the maximum threshold of 3.0% of the gross assessed value for commercial property. There can be no assurance that the levies and tax rates of the County and the overlapping taxing units will not increase in some future year to the point of causing the Circuit Breaker Tax Credit to be applied to taxpayers' tax bills.

ESTIMATED IMPACT OF ESTABLISHING THE AREA AND ALLOCATION AREA

The schedule entitled "Estimated Impact of Establishing the Bright 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*) due to the establishment of the Area and Allocation Area and the capture of the illustrative Tax Increment generated by the incremental assessed value from the Allocation Area.

Scenario I: Present Situation

Scenario I represents the current situation (based on payable 2024 property tax information) prior to the establishment of the Area and Allocation Area. Scenario I presents the payable 2024 assessed values, property tax levies, and tax rates for the overlapping taxing units.

Scenario II: Assumes the Area and Allocation Area are Established

Scenario II depicts the impact on the overlapping taxing units (*holding all other factors constant*) if the Allocation Area is established, the Projects are funded, and assumes that the illustrative \$2,600,000 of incremental real property assessed value from the New Development and Future Development is captured within the Harrison Township taxing district. The illustrative incremental assessed value generates an illustrative \$48,440 of annual Tax Increment in the Allocation Area, after the application of Circuit Breaker Tax Credits.

Scenario III: Assumes the Area and Allocation Area are NOT Established

Scenario III represents the impact on the overlapping taxing units if the Allocation Area is not established and the Projects are not funded. The County does not have any other method of funding the Projects (with the assumption that the County would not issue bonds payable from ad valorem property taxes levied on all taxpayers in the County or from another source of funding, without the prospect of replacing that source with Tax Increment). If not captured, the new assessed value would reduce overlapping tax rates and increase levies for certain funds.

However, the capture of the New Development assessed value will allow the Commission to fund the Projects. The Projects are anticipated to support the Future Development or other future projects within the Area.

DEARBORN COUNTY (INDIANA) REDEVELOPMENT COMMISSION

**STATEMENT DISCLOSING THE IMPACT OF ESTABLISHING THE BRIGHT ECONOMIC DEVELOPMENT
AREA AND ALLOCATION AREA**

ESTIMATED IMPACT OF ESTABLISHING THE AREA AND ALLOCATION AREA (Cont'd)

Impact Summary (Cont'd)

The Projects cannot be funded by the regulatory processes or by the ordinary operations of private enterprise without resort to the powers of the Commission under the Act because of the lack of local public improvements. Without the establishment of the Allocation Area, the Commission lacks the ability to provide incentives to attract private investment and lacks the funding to construct the Projects necessary to encourage economic growth in the Allocation Area. Neither the Commission, nor the County has the financial capacity to fund all the needed Projects.

The County does not have any other method of financing all the needed Projects (with the underlying assumption that the County 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 Allocation Area and capturing the future Tax Increment in the Allocation Area, the Commission will be able to fund all or a portion of the Projects to facilitate additional growth in the Allocation Area without the need to rely upon other County funds. After the Allocation Area is ended, the incremental assessed value will be added to the tax base of all the overlapping taxing districts.

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 property assessed value was assumed to take place anywhere in the County or within the Allocation 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.

ECONOMIC AND OTHER TAX IMPACTS

Additional local income taxes could potentially be generated from any new jobs associated with the Future Development, assuming the new employees will be new residents of Dearborn County or from incremental growth in wages and income of current and new employees. Increases in employees and wages, would, in turn, increase local spending and commercial activity. Additional revenue sources, which would potentially increase as a result of new business enterprises which locate in the Economic Development Area, include food and beverage revenues, motor vehicle highway funds, local road and street funds, and excise taxes.

DEARBORN COUNTY (INDIANA) REDEVELOPMENT COMMISSION

ESTIMATED IMPACT OF ESTABLISHING THE BRIGHT ECONOMIC DEVELOPMENT ALLOCATION AREA AND ALLOCATION AREA ON THE OVERLAPPING TAXING UNITS (1)

Harrison Township Taxing Unit (006)	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy
SCENARIO I: <u>PRESENT SITUATION</u>			
Represents 2023 taxes payable 2024 property tax levies, assessed valuation, and tax rates.			
Dearborn County	\$0.4929	\$2,671,466,235	\$13,167,656
Dearborn County Cumulative Capital Development	0.0333	2,671,466,235	889,598
Harrison Township	0.0222	179,720,840	39,898
Harrison Township Fire and EMS	0.0387	169,461,076	65,581
Sunman-Dearborn Community School Corporation	1.1589	1,180,589,127	13,681,847
Lawrenceburg Public Library	0.0817	2,020,829,706	1,651,018
Dearborn County Solid Waste Management	0.0353	2,671,466,235	943,028
Total Tax Rate (per \$100 AV)	<u>\$1.8630</u>		

Harrison Township Taxing Unit (006)	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy	Rate Difference From Scenario I	Levy Difference From Scenario I
SCENARIO II: <u>ASSUMES THE BRIGHT ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA ARE ESTABLISHED</u>					
Assumes the Bright Economic Development Area and Allocation Area are established and the illustrative incremental assessed value from the proposed New Development is captured.					
Dearborn County	\$0.4929	\$2,671,466,235	\$13,167,656	\$0.0000	\$0
Dearborn County Cumulative Capital Development	0.0333	2,671,466,235	889,598	0.0000	0
Harrison Township	0.0222	179,720,840	39,898	0.0000	0
Harrison Township Fire and EMS	0.0387	169,461,076	65,581	0.0000	0
Sunman-Dearborn Community School Corporation	1.1589	1,180,589,127	13,681,847	0.0000	0
Lawrenceburg Public Library	0.0817	2,020,829,706	1,651,018	0.0000	0
Dearborn County Solid Waste Management	0.0353	2,671,466,235	943,028	0.0000	0
Total Tax Rate (per \$100 AV)	<u>\$1.8630</u>			<u>\$0.0000</u>	<u>\$0</u>

Estimated Tax Increment	Total Tax Rate	Incremental Assessed Value	Gross Increment	Circuit Breaker (2)	Net Increment
Proposed New Development	\$1.8630	\$1,950,000	\$36,330	\$0	\$36,330
Proposed Future Development	1.8630	650,000	12,110	0	12,110
Total		<u>\$2,600,000</u>	<u>\$48,440</u>	<u>\$0</u>	<u>\$48,440</u>

Harrison Township Taxing Unit (006)	Tax Rate	Net Assessed Value of Taxing Unit	Estimated Property Tax Levy	Rate Difference From Scenario I	Levy Difference From Scenario I
SCENARIO III: <u>ASSUMES THE BRIGHT ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA ARE NOT ESTABLISHED</u>					
Assumes the Bright Economic Development Area and Allocation Area are not established.					
Dearborn County	\$0.4925	\$2,673,416,235	\$13,167,656	(\$0.0004)	\$0
Dearborn County Cumulative Capital Development	0.0333	2,673,416,235	890,248	0.0000	650
Harrison Township	0.0220	181,670,840	39,898	(0.0002)	0
Harrison Township Fire and EMS	0.0383	171,411,076	65,581	(0.0004)	0
Sunman-Dearborn Community School Corporation	1.1570	1,182,539,127	13,681,847	(0.0019)	0
Lawrenceburg Public Library	0.0816	2,022,779,706	1,651,018	(0.0001)	0
Dearborn County Solid Waste Management	0.0353	2,673,416,235	943,028	0.0000	0
Total Tax Rate (per \$100 AV)	<u>\$1.8600</u>			<u>(\$0.0030)</u>	<u>\$650</u>

(1) Based on information provided from the 2024 Dearborn County Budget Order.
(2) Commercial properties are limited to 3.0% of gross assessed value.