

IMPACT STATEMENT

DIEBOLD CORNER ALLOCATION AREA IN THE DUPONT DIEBOLD ECONOMIC DEVELOPMENT AREA

As required by I.C. 36-7-14-17, the purpose of this impact statement is to set forth the costs and benefits of the above-noted Economic Development Area (EDA) as well as the financial impact on each of the tax units within the allocation area.

COSTS AND BENEFITS OF THE DIEBOLD CORNER ALLOCATION AREA

I.C. 36-7-14-17(c)(2) requires the estimation of the economic benefits and costs of an Economic Development Area, as measured by both increased employment and anticipated growth of real property assessed values.

COSTS ASSOCIATED WITH THE DIEBOLD CORNER ALLOCATION AREA

The purpose for designating the Diebold Corner Allocation Area within the Dupont Diebold EDA is to allow the Redevelopment Commission to use tax increment financing (TIF) to assist in the funding of public infrastructure improvements in the area. The Allen County Redevelopment Commission staff received input on public improvement projects for road, trails, sidewalks, street lighting, wayfinding signage, water, sanitary sewer, and stormwater identified by City of Fort Wayne utilities, the Allen County Highway Department, the Northeast Indiana Regional Coordinating Council and Fort Wayne Trails.

BENEFITS ASSOCIATED WITH THE DIEBOLD CORNER ALLOCATION AREA

The Dupont Diebold EDA and the Diebold Corner Allocation Area will provide an alternative source of funding for projects to support future growth in the area that is already a significant employment center for the county. Parkview Health System is the largest employer in Northeast Indiana and employs over 6,250 people at its regional medical center campus (PRMC) off of Dupont Road located in the Dupont Diebold EDA. More than 9,000 staff, patients and visitors come to the PRMC campus daily. In addition, Dominion Group Partners is developing a 17 acre retail development called Parkside. Located just north of the intersection of Diebold and Dupont Roads and located in the Diebold Corner Allocation Area, the development consists of ten retail zoned lots. The main tenant in the development will be a 172 room Hilton brand hotel.

IMPACT ON TAXING UNITS ASSOCIATED WITH DUPONT DIEBOLD EDA

There are several methods for funding infrastructure improvements in Indiana. However, most of these entail a direct tax on the incomes or property of a community's citizens. Tax increment Financing (TIF) is a method which is not a direct tax. Basically, TIF is a

mechanism which uses the increase in assessed value from a designated property. Except for reassessment years, if there is no growth within an allocation area, there is no increment or increase in assessed value.

How does using the increase in assessed value to fund public infrastructure impact other taxing units? First and foremost, since tax increment financing only relies on the increase in assessed value, the other taxing units retain the assessed value that they received prior to the Economic Development Area and Allocation Area designation. Also, during reassessment years, the Indiana Department of Local Government Finance uses a formula to neutralize the effect of reassessment allowing the other taxing units to benefit from reassessment.

The formula used in establishing tax rates precludes the other taxing units from being impacted except in rare instances. These instances are situations where a taxing unit has a set rate established (e.g. a cumulative building fund). Since a taxing unit determines its budget and this budget is divided by the assessed value of the taxing unit, historically the only impact on other taxing units that using tax increment financing has is on the rate. By not being able to use the increase in assessed value, taxing units' tax rate may be slightly higher than if the taxing units were allowed to use the increase in assessed value. However, the introduction of rate caps that limit the amount of property taxes that can be paid can result in foregone revenue in variable rate funds.

The specific impact depends on the assessed value of a particular taxing unit and the amount of increased assessed value as well as whether taxpayers have hit the rate cap. It is impossible to specifically make a determination as to the impact on your taxing unit's rate and the revenues of your taxing unit. However, staff has developed a model to estimate the impact based on similar commercial developments. This model assumes that there is no change in the tax rate and no change in the levy. The projection in this case assumes an investment of \$20 million in the Diebold Corner Allocation Area. Attached is the potential impact on your taxing unit.