

Indiana

Department of Local Government Finance



Committed to a fair and equitable property tax system for Hoosier taxpayers.

Certified Net Assessed Value Submission

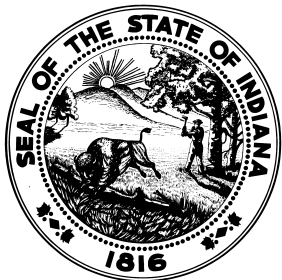
**Fred Van Dorp
Department of Local Government Finance
Spring Auditor's Conference
May 23, 2018**



Budget Calendar Overview

Date	Action
Dec. 31	Deadline for the Department to certify 2019 budgets, tax rates, and tax levies unless a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal under IC 6-1.1-18.5-16. IC 6-1.1-17-16

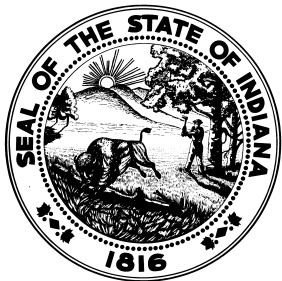
Note: The prior year deadline for budget certification was February 15.



Budget Calendar Overview*

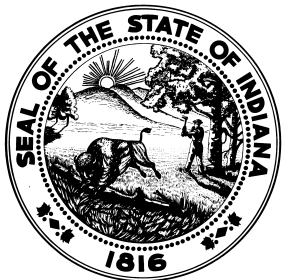
Date	Action
May 18	Department releases Annexation Memo and Template Due Date: July 15
May 18	Department releases the TIF Excess AV Memo Due Date: June 15
May 18	Department releases 2018 TIF Neutralization Memo and Template
July 2	Last day for the county assessor to deliver the real estate book (i.e., roll and balance 2018 pay 2019 gross assessed values) to the county auditor. IC 6-1.1-5-14 Last day for county assessor to roll 2018 pay 2019 personal property gross assessed values to the county auditor. IC 6-1.1-3-17(b)
Aug. 1	Last day for county auditor to certify net assessed values to the Department. The Department will make values available to all political subdivisions via Gateway. IC 6-1.1-17-1

Note: This is just an excerpt from the Budget Calendar focused on the submission of CNAVs. The full calendar can be found on the DLGF website.



2018 pay 2019 CNAV Submission Statistics Annexation Reports

- [Annexation memo and template](#) was released on Friday, May 18.
- Report due date: July 15, 2018.
- Submitted annexation report will contain:
 - Listing of annexations from January 1, 2017 to January 1, 2018.
 - NAVs based on **2018 pay 2019** values.
 - NAVs for Real and Personal Property.
 - Activity from both the annexed and annexing unit and taxing district. The “Net Assessed Value of Annexed Area” column will generally net to \$0.00. If the column does not, please include an explanation along with the annexation submission.

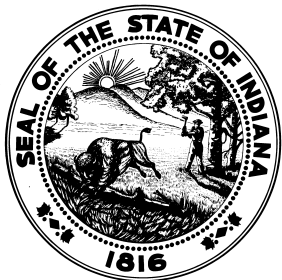


2018 Pay 2019 Annexation Report

2018 Pay 2019 Annexation Report

Name of Unit	District	Ordinance No.	Effective Date	Net Assessed Value of Annexed Area (show as positive or negative)

Note: The report should contain both the annexing and annex unit totals. Generally, the Net Assessed Value of annex area column will generally net to zero.

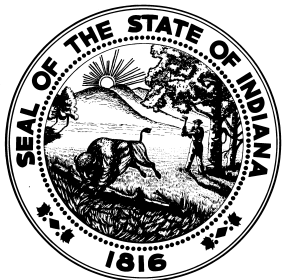


2017 pay 2018 CNAV Submission Statistics Annexation Reports

- In 2017, the Department released the Annexation memo and report template on July 5.
- Memo did not include a due date.

Month	Submissions
July	45
August	6
September	14
October	19
November	7
Total	91

Note: Department only received 91 submissions. The Department used the DECAF CNAV submission to confirm that the 92nd county did not have an annexation to report.

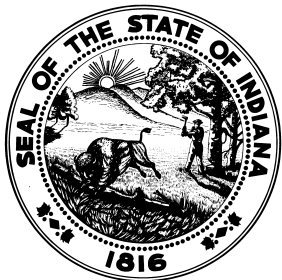


Redevelopment Commission Responsibilities Regarding Excess Assessed Valuation (“AV”)

Excess AV memo was released on Friday, May 18.

Memo is informational. Designed to provide guidance to county auditors about the statutory responsibility of RDC for reporting excess AV to the Department and county auditor.

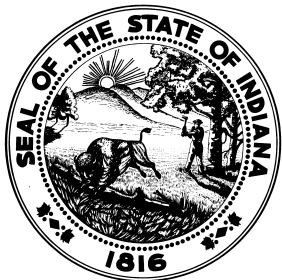
RDC Submission Date: June 15, 2018.



Redevelopment Commission Responsibilities Regarding Excess Assessed Valuation (“AV”)

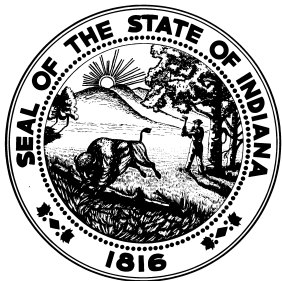
- Each RDC must submit a written notice to each of the following:
 1. The county auditor.
 2. The fiscal body of the county or municipality that established the department of redevelopment.
 3. The officers who are authorized to fix budgets, tax rates, and tax levies for each of the other taxing units that is wholly or partly located within the allocation area.

- Written notice must include either:
 1. The amount of **excess AV** that the commission has determined may be allocated to the other taxing units.
 2. A statement that the commission has determined that there is **no excess AV** that may be allocated to the other taxing units.



TIF Neutralization

- Refers to both the process by which the “TIF Neutralization” factor (“Factor”) is calculated and the spreadsheet used to submit the Factor calculation to the Department. **Factor represents an approximation of the change in net AV that is due to annual adjustment or reassessment.**
- For counties with a TIF, the county auditor must add the Factor to the tax and billing system prior to certifying net AVs to the State.
- TIF neutralization cannot begin until county assessor provides the county auditor with real property gross AV and the auditor has applied all deductions and exemptions.



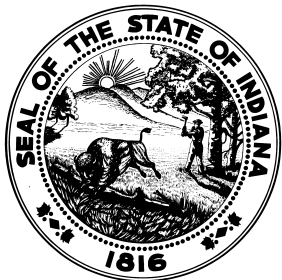
TIF Neutralization

- Only the Real AV values will be used to calculate the Factor. Personal Property and TIF Pass through are excluded from the calculation.
- The county auditor must submit a TIF neutralization spreadsheet for each TIF within the county.

Note: If the TIF only has personal property, then a TIF neutralization is recommended, but not required.

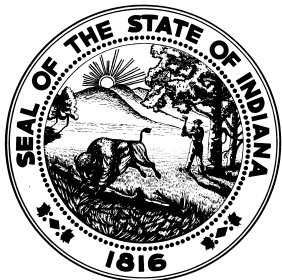
- TIF Districts must be neutralized in their entirety.

Note: If a TIF district exists in multiple taxing districts, only one TIF neutralization spreadsheet should be created and submitted.




TIF Neutralization

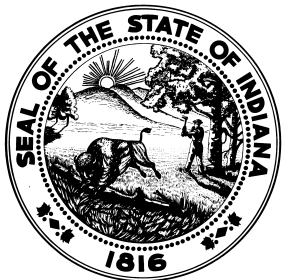
- The TIF Neutralization spreadsheet has six distinct sections:
 1. TIF identification and Contact information.
 2. Prior Year (2017 Pay 2018) Allocation Area information.
 3. Current Year (2018 Pay 2019) Allocation Area information.
 4. Calculation results.
 5. Auditor certification.
 6. DLGF Approval.



TIF Neutralization

TIF Identification and Contact Information

	TIF ALLOCATION AREA REAL PROPERTY BASE NEUTRALIZATION WORKSHEET 2018 PAY 2019 State Form 56059 (R2 / 5-18) PRESCRIBED BY THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE
NOTE: DO NOT INCLUDE PERSONAL PROPERTY VALUES.	
County	
Jurisdiction	
Allocation Code	
Allocation Area Name	
Form Prepared By:	
Name	
Unit/Company	
Telephone Number	
E-mail Address	



TIF Neutralization

TIF Identification and Contact Information

- **County**

County number and name (Example: 01 – Adams).

- **Jurisdiction**

Name of county, city, or town which established the redevelopment commission or authority with oversight over the identified allocation area.

- **Allocation Area Code**

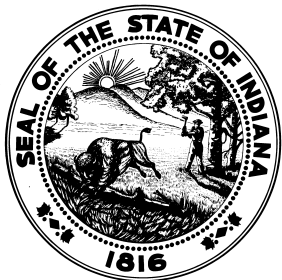
Unique State TIF identification code (Example: T01001)

- **Allocation Area Name**

The official name of the TIF District.

- **Form Prepared By**

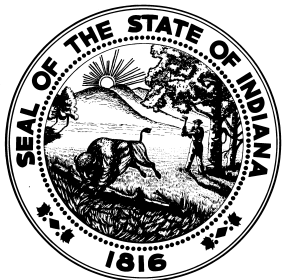
The lines in this section should be completed with the information of a contact person the Department can contact if it has any questions about the Worksheet. If a financial advisor has completed the Worksheet, it is appropriate to place the financial advisor's contact information on these lines.



TIF Neutralization

Prior Year Allocation Area Information

1) 2017 Pay 2018 Base Assessed Value of Allocation Area	0	
2) 2017 Pay 2018 Incremental Assessed Value of Allocation Area	0	
3) 2017 Pay 2018 Total (Real) Assessed Value of Allocation Area (Line 1 + Line 2)		\$0



TIF Neutralization

Prior Year Allocation Area Information

- **Line 1: 2017 Pay 2018 Base Assessed Value of Allocation Area**

The most recent base AV for the allocation area from the current tax year. The base AV is the amount of AV from the parcels included in the allocation area that was included in the tax base for the overlapping taxing units. This should be the value after the Pay 2018 neutralization factor was applied and should also include any adjustments that occurred from AV certification to tax billing for Pay 2018.

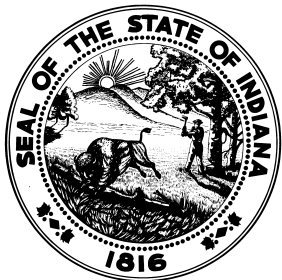
- **Line 2: 2017 Pay 2018 Incremental Assessed Value of Allocation Area**

The most recent incremental AV for the allocation area from the current tax year. The incremental AV is the amount of AV from the parcels included in the allocation area that was eligible to be captured by the redevelopment commission.

This should be the value after the Pay 2018 neutralization factor was applied and should also include any adjustments that occurred from AV certification to tax billing for Pay 2018.

- **Line 3: 2017 Pay 2018 Net Assessed Value of Allocation**

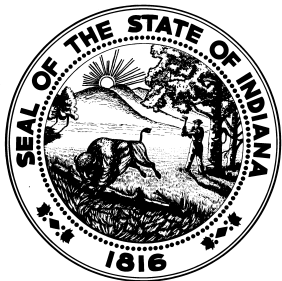
This is a calculated field. It is the sum of Lines 1 and 2.



TIF Neutralization

Current Year Allocation Area Information

4) 2018 Pay 2019 Net Assessed Value of Allocation Area		0	
5) 2018 Pay 2019 Net Assessed Value Growth in Allocation Area Due to New Construction or a Change in Tax Status		0	
6) 2018 Pay 2019 Net Assessed Value Decrease in Allocation Area Due to Demolition or a Change in Tax Status		0	
7) 2018 Pay 2019 Net Assessed Value Growth as a Result of Abatement Roll-Off in Allocation Area		0	
8) Estimated Assessed Value Decrease Due to 2018 Pay 2019 Appeals Settlements in Allocation Area		0	
9) 2018 Pay 2019 Adjusted Net Assessed Value of Allocation Area			
			\$0



TIF Neutralization

Current Year Allocation Area Information

- **Line 4: 2018 Pay 2019 NAV of Allocation Area**

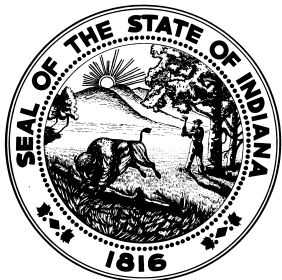
The most current net AV available for the allocation area. This value should include any adjustments to net AV due to annual adjustment or reassessment. It should also include the application of any deductions and exemptions.

- **Line 5: 2018 Pay 2019 NAV Growth in Allocation Area Due to New Construction or Change in Tax Status**

In order to isolate the effect of annual adjustment or reassessment on the NAVs, changes in AV associated with actual construction and parcels that have experienced a change in property tax status must be removed from consideration.

- **Line 6: 2018 Pay 2019 NAV Decrease in Allocation Area Due to Demolition or a Change in Tax Status**

In order to isolate the effect of annual adjustment or reassessment on the NAVs, changes in AV associated with demolition must be added back into the allocation area net AV to determine what the allocation area net AV would have been had the demolition not occurred.



TIF Neutralization

Current Year Allocation Area Information

- **Line 7: 2018 Pay 2019 NAV Growth as a Result of Abatement Roll-Off**

In order to isolate the impact of annual adjustment or reassessment on net AVs in the allocation area AV associated with abatement roll-off must be removed from consideration.

- **Line 8: Estimated AV Decrease Due to 2018 Pay 2019 Appeals**

This line estimates an allowance for appeals that will be settled between Pay 2019 net AV certification and tax billing.

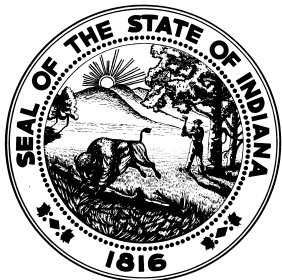


TIF Neutralization

Current Year Allocation Area Information

- Line 9: 2018 Pay 2019 Adjusted Net Assessed Value of Allocation.
- Formula used to provide a comparable tax base in the allocation area to the tax base that existed in Pay 2018.
- Formula:

Line	Description	Function
Line 4	2018 Pay 2019 Net AV of Allocation Area	Plus
Line 5	2018 Pay 2019 Net AV Growth Due to New Construction	Minus
Line 6	2018 Pay 2019 Net AV Decrease Due to Demolition	Plus
Line 7	2018 Pay 2019 Net AV Growth as Result of Abatement Roll-Off	Minus
Line 8	Estimated AV Decrease Due to 2018 Pay 2019 Appeals	Minus



TIF Neutralization Calculation Results

10) 2018 Pay 2019 Neutralization Factor (Line 9 / Line 3) (Round to Five Decimal Places)

Note: Line 10 is attempting to divide by zero. Please review Lines 1 and 2.

11) 2018 Pay 2019 Adjusted Base Assessed Value of Allocation Area (Line 1 * Line 10)

12) 2018 Pay 2019 Incremental Assessed Value of Allocation Area (Line 4 - Line 11)

13) Estimated 2018 Pay 2019 Tax Rate for the Allocation Area (Round to Four Decimal Places)

14) Estimated 2018 Pay 2019 Incremental Tax Revenue ((Line 12/100) * Line 13)

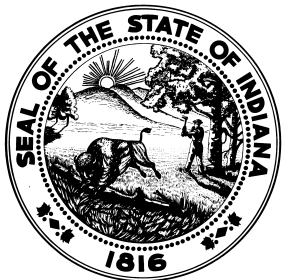
15) Actual 2017 Pay 2018 Tax Rate for the Allocation Area

2018 PAY 2019 BASE NEUTRALIZATION FACTOR FOR ALLOCATION AREA (LINE 10)

0

0

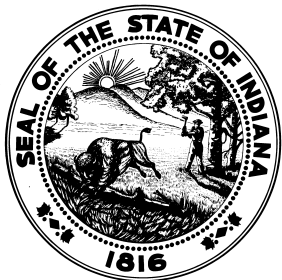
The 2018 TIF neutralization spreadsheet has added a new verification to confirm whether or not the Factor is trying to divide by zero. This may occur when Prior Year Allocation Area Information Section (Line 3) sums to zero, but the Current Year Allocation Area information (Line 9) is greater than zero.



TIF Neutralization Calculation Results

- Line 10: 2018 Pay 2019 neutralization Factor
- It is the calculation of the actual base neutralization factor that will be applied to the allocation area within the county's tax and billing system.
- Line 10 Formula

Line	Description	Function
Line 9	2018 Pay 2019 Adjusted Net Assessed Value of Allocation	Divided by
Line 3	2017 Pay 2018 Net Assessed Value of Allocation	



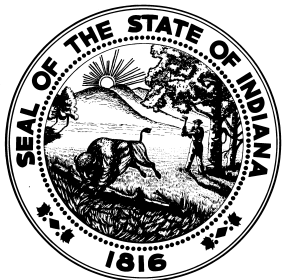
TIF Neutralization Calculation Results

- Line 11: 2018 Pay 2019 Adjusted Base AV of Allocation Area
- Estimate of the base assessed value in the allocation area for Pay 2019.

Line	Description	Function
Line 1	2017 Pay 2018 Base Assessed Value of Allocation Area	Divided by
Line 10	2018 Pay 2019 Neutralization Factor	

- Line 12: 2018 Pay 2019 Incremental AV of Allocation Area
- Estimate of the incremental AV in the allocation area for Pay 2019.

Line	Description	Function
Line 4	2018 Pay 2019 Net Assessed Value of Allocation Area	Minus
Line 11	2018 Pay 2019 Adjusted Base AV of Allocation Area	

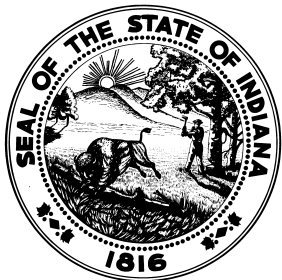


TIF Neutralization Calculation Results

- Line 13: Estimated 2018 Pay 2019 Tax Rate for the Allocation Area.
- The preparer will provide an estimated tax rate for 2018 Pay 2019. Line 13 is not used for the actual calculation of the Factor.

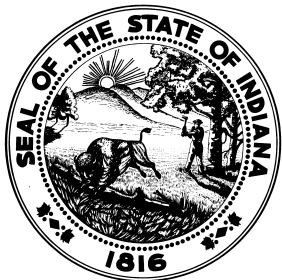
Line	Description	Function
Line 12	2018 Pay 2019 Incremental AV of Allocation Area	Multiplied by
Line 13	Estimated 2018 Pay 2019 Tax Rate for the Allocation Area	Divided by 100

- Line 14: Estimated 2018 Pay 2019 Incremental Tax Revenue
- Line 14 represents the estimated amount of incremental revenue that may be derived in the allocation area in Pay 2019.



TIF Neutralization Auditor Certification

I, _____	Auditor, of _____	County, certify to the best of my
knowledge that the above base assessed value calculation is full, true and complete for the tax increment finance allocation area		
identified above.		
Dated (month, day, year) _____		
County Auditor (Signature) _____		County Auditor (Printed) _____



TIF Neutralization DLGF Approval

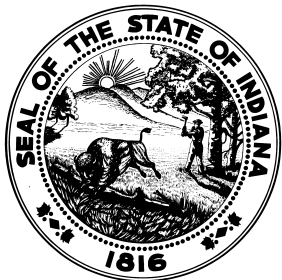
DEPARTMENT OF LOCAL GOVERNMENT FINANCE											
CERTIFICATION OF TIF BASE NEUTRALIZATION											
Allocation Area Name											
The base assessed value adjustment, as certified above, is approved by the Department of Local Government Finance.											
Commissioner, Department of Local Government Finance						Date (month, day, year)					



TIF Neutralization (“TIF NEU”)

Common Questions

1. Does the county auditor’s office have to complete each worksheet?
2. What role does the RDC have in completing the worksheet?
3. What role should the RDC in validating the worksheet?
4. What does the Department look for during their review?
5. What is the Department planning to do to streamline the TIF neutralization process?



2017 pay 2018 CNAV Submission Statistics

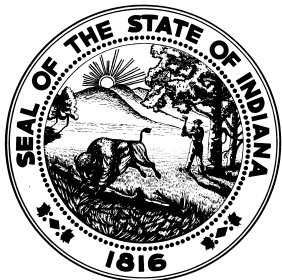
CNAV Submitted to Department

Last year, the Department released the 2017 Data Entry Application for CNAV Available memo on July 3.

Memo referenced IC 6-1.1-17-1, which requires that AVs be certified on or **before August 1 of each year.**

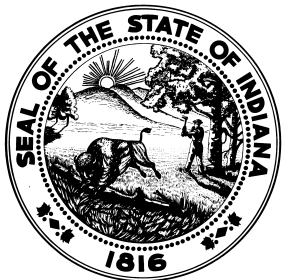
Month	Submissions
July	11
August	46
September	14
October	14
November	5
December	2
Total	92

On Time?	Submissions
August 1, 2017 or earlier	16
August 2, 2017 or later	76
Total	92



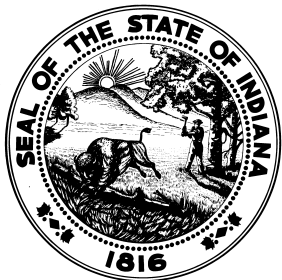
2018 pay 2019 CNAV Submission Updates

- Step 4
 - The Department has added a note to Step 4 to clarify that for conservancies, the County needs to certify the gross assessed values.
- Step 5
 - The 2018 CNAV submission will still include the system generated review for “District Differences” that are +/- 10% of the prior year total. The Budget Field Representatives will review all explanations provided. The explanation were also shared with the State Auditor’s office to facilitate the review of Abstract.
 - The Step 5 submission will no longer validate taxing district/fund combinations.



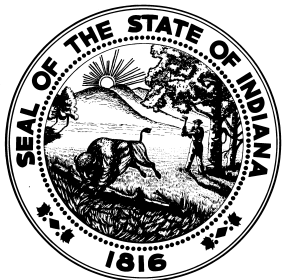
2018 pay 2019 CNAV Submission Updates

- Detailed instructions may be found in the CNAV user guide, which is available at <http://www.in.gov/dlgf/9480.htm>.
- Questions about Gateway or the submission process may be directed to the Gateway support team at gateway@dlgf.in.gov.
- For CNAV-related questions outside of data entry into Gateway, please contact your budget field representative.



Contact the Department

- Gateway Support: gateway@dlgf.in.gov
- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- Additional Appropriation email:
AdditionalAppropriationRequests@dlgf.in.gov
- Website: www.in.gov/dlgf
- “Contact Us”: www.in.gov/dlgf/2338.htm
- Budget Field Representative Map:
[http://www.in.gov/dlgf/files/Field Rep Map -
Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf)



Budget Field Staff

Miranda Bucy	(317) 650-6848	mbucy@dlgf.in.gov
Ryan Burke	(317) 719-3546	rburke@dlgf.in.gov
Kim Chattin	(317) 650-6157	kchattin@dlgf.in.gov
George Helton	(317) 650-5254	ghelton@dlgf.in.gov
Wayne Hudson	(317) 650-4444	whudson@dlgf.in.gov
Vicky Neeley	(317) 607-7524	vneeley@dlgf.in.gov
Robert Norris	(317) 650-3932	robnorris@dlgf.IN.gov
Kurt Ott	(317) 650-2497	kott@dlgf.in.gov
Dawn Ray	(317) 677-2667	dray@dlgf.in.gov
Judy Robertson	(317) 650-2508	jrobertson@dlgf.in.gov
Michelle Rogers	(317) 447-2941	mrogers@dlgf.in.gov
Heather Witsman	(317) 694-3017	hwitsman@dlgf.in.gov