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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** County and Municipal Officials, Redevelopment Commissions

**FROM:** Wesley R. Bennett, Commissioner

**RE:** Certification of Eligibility for Establishing a Residential TIF

**DATE:** June 21, 2022

The Department of Local Government Finance (“Department”) issues this memorandum to outline the process for a county or municipality to request certification under Ind. Code § 36-7-14-53(f), added into law by Senate Enrolled Act 566-2019 (“SEA 566”). This memorandum supersedes the memorandum that the Department previously released on June 25, 2021, on this subject matter.

SEA 566 requires the Department, in cooperation with an appropriate county or municipal agency, to certify whether the county or municipality (as applicable) meets the threshold requirement to create a residential TIF. To implement this and to facilitate the Department’s certification, the county or municipal agency must complete the request form that is attached to this memorandum.

In addition to the request form, please provide the following supplemental documents:

- A description of the subject area.
  - If the unit is a county, a Microsoft Excel file listing the parcels in the township(s) in which the subject area is located.
  - If the unit is a municipality, a Microsoft Excel file listing the parcels in the incorporated area.
- For each of the three (3) years preceding the year in which the resolution under Ind. Code § 36-7-14-53(a) is adopted, the parcel count of new, single-family residential houses constructed in that year.
  - Ideally, this should be in the form of a Microsoft Excel file.
  - This must show the date of completion for each new, single-family residential house (day, month, year).
- For the year in which the resolution under Ind. Code § 36-7-14-53(a) is adopted, the parcel count of all single-family residential houses located in the subject area.

By “appropriate county or municipal agency,” the Department identifies the following entities:

- County fiscal body or municipal fiscal body
- County executive or municipal executive
- Redevelopment commission
- County auditor

- Municipal clerk-treasurer
- City controller

Any one of these entities may submit the request form. A submission by an entity will be presumed to be on behalf of the unit. Therefore, all of the agencies of the county and municipality are expected to be cooperating in pursuing a residential TIF. **Each county or municipality is limited to only one (1) submission. If an agency of a county submits a form, an agency in a municipality within that county may also submit its own form.**

Please complete the form and send it to the Department Budget Field Representative. There is no timetable by law in which a request must be submitted or in which the Department must make its certification. Given that eligibility is based on the count of residential homes as of January 1 of the year when the resolution is adopted, a request should be submitted early enough in the year for (1) the Department to make its review and (2) the redevelopment commission to adopt the resolution. **The Department recommends submitting the request no later than September 1.** The Department will attempt to complete its review as soon as practicable, in light of all its other responsibilities. The scope of the request, such as the number of parcels and whether a redevelopment plan is provided, will affect the length of the Department's review. The Department will attempt to complete its certification within thirty (30) days of receiving a request.

## **Completing this Form**

### Definitions:

- “Residential house” means a single-family dwelling unit that constitutes housing or workforce housing that is sufficient to secure quality housing in reasonable proximity to employment.
- “Subject area” means:
  - For a county, the incorporated and unincorporated area of the township(s) in which the county plans to establish a residential housing development program.
  - For a municipality, the incorporated area of the municipality.
- “First prior year” means the year immediately preceding the year the resolution is adopted pursuant to Ind. Code § 36-7-14-53(a).
- “Second prior year” means the year immediately preceding the first prior year.
- “Third prior year” means the year immediately preceding the second prior year.

The Department will defer to the unit as to whether residential housing (1) is sufficient to secure quality housing, and (2) is reasonably proximate to employment. The unit must be able to adequately describe the subject area.

## **Completing the section “Calculation under Ind. Code § 36-7-14-53(a)”**

Lines 1a through 1c: Include the count for each year of new, single-family residential houses constructed in the subject area. These amounts will be derived from the Microsoft Excel file described, above. The count must be supplemented by a listing of the state parcel ID numbers for each newly constructed residential house. Each parcel listed must

have a property class code of 510, 511, 512, 513, 514, or 515, as assigned by the county assessor. For a county seeking to establish a residential TIF in more than one (1) township, use the combined parcel counts for all applicable townships. **If no new, single-family residential houses were constructed, state the count as “0” and no listing of parcel information should be provided.**

Line 2a: Add the numerical amounts provided in lines 1a through 1c.

Line 2b: Determine the average of new, single-family residential houses constructed in the subject area by dividing the line 2a amount by 3. Round the result up to the nearest single digit.

Line 3a: Include the count of new, single-family residential houses constructed in the subject area as of January 1 of the year in which the resolution is adopted. This amount will be derived from the Microsoft Excel file described, above. For a county seeking to establish a residential TIF in more than one (1) township, use the combined parcel counts for all applicable townships.

NOTE: For purposes of the Department review, the number on this line is equal to the total number of parcels with a state parcel ID number that is assigned property class code 510, 511, 512, 513, 514, or 515 by the county assessor and that is reported to the Department under Ind. Code § 6-1.1-5-14. If a request is submitted before the parcel data is submitted under Ind. Code § 6-1.1-5-14, the Department may use the prior year’s data submission until the most recent submission is available.

Line 3b: Find 1% of new, single-family residential houses constructed in the subject area as of January 1, of the year in which the resolution is adopted by multiplying the amount determined in line 3a by 0.01. For a county seeking to establish a residential TIF in more than one (1) township, the 1% will be applied to the combined parcel count for all applicable townships.

Line 4: Compare the Line 2b amount by the Line 3b amount. If Line 2b is less than Line 3a, mark “Y.” Otherwise, mark “N.”

## Department Review

The Department will verify the calculation as completed by the unit, including the percentage of the average of single-family residential houses is as follows:

- The count of new, single-family residential houses constructed in the prior three (3) years (lines 1a through 1c) will be verified and, if necessary, corrected according to the count to state parcel ID numbers for the newly constructed residential houses as reported to the Department by the county assessor for that year.
- Line 2a will be verified to ensure that the number shown on that line is equal to the sum of the numbers given on lines 1a through 1c, as adjusted by the Department if needed.

- Line 2b will be verified to ensure that the number shown on that line is equal to the dividend of the result of Line 2a divided by 3.
- Line 3a will be verified to ensure that the total number of parcels shown is equal to the total number of parcels with a state parcel ID number that is assigned property class code 510, 511, 512, 513, 514, or 515 by the county assessor and that is reported to the Department under Ind. Code § 6-1.1-5-14. If a request is submitted before the parcel data is submitted under Ind. Code § 6-1.1-5-14, the Department may use the prior year's data submission until the most recent submission is available.
- Line 3b will be verified to ensure that the number shown is equal to the Line 3a result multiplied by 0.01.
- Line 4 will be verified to ensure that the result of Line 2b is less than or greater than the result of Line 3b. Specifically, if the result of Line 2b is less than the result of Line 3b, the box “Y” is marked. Likewise, if the result of Line 2b is greater than the result of Line 3b, the box “N” is marked. The Department will then mark whether the unit is eligible or ineligible and return the form to the submitting agency as a certification of eligibility under Ind. Code § 36-7-14-53(f).

The Department will then mark whether the unit is eligible or ineligible and return the form to the submitting agency as a certification of eligibility under Ind. Code § 36-7-14-53(f).

#### **Contact Information**

Questions concerning this memorandum may be directed to David Marusarz, Deputy General Counsel, at (317) 233-6770 or [dmarusarz@dlgf.in.gov](mailto:dmarusarz@dlgf.in.gov).