

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Political Subdivisions
FROM: Micah G. Vincent, Commissioner *MGV*
RE: Base Assessed Value Adjustment for Purposes of Tax Increment Financing
DATE: June 18, 2013

On May 9, 2013, Governor Mike Pence signed into law House Enrolled Act 1116 ("HEA 1116"). Section 16, effective July 1, 2013, amends IC 36-7-14-39 regarding the manner in which base assessed value is adjusted following annual trending or reassessment. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

Specifically, after each annual trending or reassessment, the Department of Local Government Finance must adjust the base assessed value one time to neutralize any effect of the trending or reassessment on the property tax proceeds allocated to a redevelopment district. However, the adjustments:

- (1) may not include the effect of phasing in assessed value due to property tax abatements under IC 6-1.1-12.1;
- (2) may not produce less property tax proceeds allocable to a redevelopment district than would otherwise have been received if the reassessment or the annual trending had not occurred; and
- (3) may decrease base assessed value only to the extent that assessed values in the allocation area have been decreased due to annual trending or reassessment.

Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area.

Questions may be directed to Assistant Budget Division Director Dan Jones at 317-232-0651 or djones@dlgf.in.gov.