

**CITY OF FRANKLIN REDEVELOPMENT COMMISSION**  
**TAX IMPACT FOR ANNUAL PRESENTATION TO TAXING UNITS**

May 6, 2024

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## TAX IMPACT: FRANKLIN TOWNSHIP

City of Franklin Redevelopment Commission  
 Estimate of Tax Impact and Circuit Breaker  
 2024 Certified Incremental AV  
 Revised May 6, 2024

### FRANKLIN - FRANKLIN TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2024 AV	2024 Rate	2024 Rate Driven Funds	2024 AV Driven Funds	2024 TIF AV	Rate with TIF AV	2024 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	10,777,079,406	0.3002	-0.0333	0.2669	91,379,737	0.2646	0.0333	0.2979
Franklin Township - Civil	2,042,169,039	0.0124	0.0000	0.0124	91,379,737	0.0118	0.0000	0.0118
Franklin City	1,494,112,668	1.0775	-0.0401	1.0374	91,379,737	0.9740	0.0401	1.0141
Franklin School Normal	2,042,169,039	1.2079	0.0000	1.2079	91,379,737	1.1539	0.0000	1.1539
Franklin School Referendum	2,242,423,585	0.2252	0.0000	0.2252	-	0.2252	0.0000	0.2252
Johnson Library	8,885,149,267	0.0672	0.0000	0.0672	91,379,737	0.0665	0.0000	0.0665
JC Solid Waste	10,777,079,406	<u>0.0065</u>	<u>0.0000</u>	<u>0.0065</u>	91,379,737	<u>0.0064</u>	<u>0.0000</u>	<u>0.0064</u>
Total		<u>2.8969</u>	<u>-0.0734</u>	<u>2.8235</u>		<u>2.7024</u>	<u>0.0734</u>	<u>2.7758</u>

New Referendum  
Adjusted Rate      2.5506      3,454,080

Referendum Adjusted Rate		CB
2024	2.6717	3,618,021

Estimated Reduction of Circuit Breaker      \$ 163,940

		% of Dist Rate
Johnson County	\$ 18,421	11.24%
Franklin Township	761	0.46%
Franklin City	66,117	40.33%
Franklin School Normal	74,119	45.21%
Franklin School Referendum	-	0.00%
Johnson Library	4,124	2.52%
JC Solid Waste	<u>399</u>	<u>0.24%</u>
	<u>\$ 163,940</u>	<u>100.00%</u>

### Tax Loss (Fixed Rate Funds & Excise, Etc.)

### Circuit Breaker Impact:

	Property Tax	Other Tax (\$ .09/\$1)	Total Tax	Circuit Breaker	Total Impact
Johnson County	\$ 30,429	\$ 2,739	\$ 33,168	\$ 18,421	\$ 51,589
Franklin Township	-	-	-	761	761
Franklin City	36,643	3,298	39,941	66,117	106,059
Franklin School Normal	-	-	-	74,119	74,119
Franklin School Referendum	-	-	-	-	-
Johnson Library	-	-	-	4,124	4,124
JC Solid Waste	-	-	-	<u>399</u>	<u>399</u>
Total	<u>\$ 67,073</u>	<u>\$ 6,037</u>	<u>\$ 73,109</u>	<u>\$ 163,940</u>	<u>\$ 237,050</u>

## TAX IMPACT: NEEDHAM TOWNSHIP

City of Franklin Redevelopment Commission  
 Estimate of Tax Impact and Circuit Breaker  
 2024 Certified Incremental AV  
 Revised May 6, 2024

### FRANKLIN - NEEDHAM TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

Local Unit	2024 AV	2024 Rate	2024 Rate Driven Funds	2024 AV Driven Funds	2024 TIF AV	Rate with TIF AV	2024 Rate Driven Funds	New Rate W/ Driven Funds
Johnson County	10,777,079,406	0.3002	-0.0333	0.2669	129,211,468	0.2637	0.0333	0.2970
Needham Township - Civil	2,042,169,039	0.0124	0.0000	0.0124	129,211,468	0.0116	0.0000	0.0116
Franklin City	1,494,112,668	1.0775	-0.0401	1.0374	129,211,468	0.9477	0.0401	0.9878
Franklin School Normal	2,042,169,039	1.2079	0.0000	1.2079	129,211,468	1.1315	0.0000	1.1315
Franklin School Referendum	2,242,423,585	0.2252	0.0000	0.2252	-	0.2252	0.0000	0.2252
Johnson Library	8,885,149,267	0.0672	0.0000	0.0672	129,211,468	0.0662	0.0000	0.0662
JC Solid Waste	10,777,079,406	<u>0.0065</u>	<u>0.0000</u>	<u>0.0065</u>	129,211,468	<u>0.0064</u>	<u>0.0000</u>	<u>0.0064</u>
Total		<u>2.8969</u>	<u>-0.0734</u>	<u>2.8235</u>		<u>2.6523</u>	<u>0.0734</u>	<u>2.7257</u>

#### New Referendum

Adjusted Rate      2.5005      1,801,565

#### Referendum

Adjusted Rate	CB
2024    2.6717	1,924,897

#### Estimated

#### Reduction of

Circuit Breaker      \$    123,331

% of

Dist Rate

Johnson County	\$    13,858	11.24%
Needham Township - Civil	572	0.46%
Franklin City	49,740	40.33%
Franklin School Normal	55,759	45.21%
Franklin School Referendum	-	0.00%
Johnson Library	3,102	2.52%
JC Solid Waste	300	<u>0.24%</u>
	<u>\$    123,331</u>	<u>100.00%</u>

#### Tax Loss (Fixed Rate Funds & Excise, Etc.):

#### Circuit Breaker Impact:

	<u>Property Tax</u>	<u>Other Tax (\$ .09/\$1)</u>	<u>Total Tax</u>	<u>Circuit Breaker</u>	<u>Total Impact</u>
Johnson County	\$    43,027	\$    3,872	\$    46,900	\$    13,858	\$    60,758
Needham Township - Civil	-	-	-	572	572
Franklin City	51,814	4,663	56,477	49,740	106,217
Franklin School Normal	-	-	-	55,759	55,759
Franklin School Referendum	-	-	-	-	-
Johnson Library	-	-	-	3,102	3,102
JC Solid Waste	-	-	-	300	300
Total	<u>\$    94,841</u>	<u>\$    8,536</u>	<u>\$ 103,377</u>	<u>\$    123,331</u>	<u>\$    226,708</u>

## TAX IMPACT: COMBINED

City of Franklin Redevelopment Commission  
Estimate of Tax Impact and Circuit Breaker  
2024 Certified Incremental AV  
Revised May 6, 2024

FRANKLIN - FRANKLIN TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)  
FRANKLIN - NEEDHAM TOWNSHIP TAXING DISTRICT (Excluding Metro Fibernet)

<u>Local Unit</u>	<u>Circuit Breaker</u>	<u>Total Tax</u>	<u>Total Impact</u>
Johnson County	\$ 32,279	\$ 80,068	\$ 112,347
Franklin Township - Civil	761	-	761
Needham Township - Civil	572	-	572
Franklin City	115,857	96,418	212,275
Franklin School Normal	129,878	-	129,878
Franklin School Referendum	-	-	-
Johnson Library	7,226	-	7,226
JC Solid Waste	699	-	699
	<u>\$ 287,272</u>	<u>\$ 176,486</u>	<u>\$ 463,758</u>

## COMMENTARY ON TAX IMPACTS

The above Tax Impact and Circuit Breaker analyses show the result of releasing all of the captured TIF incremental assessed value (AV) back into the tax base. Contrary to the belief of some, the full amount of the incremental revenue captured by the allocation areas do not return to the other taxing units in the taxing district.

This results largely because the majority of property taxes of the taxing units are “levy” driven, either by the maximum statutory levy formula for operations or by the minimized debt service levies which only meet principal and interest payments as due. Therefore, a release of previously restricted AV to the levy driven funds only drives down the tax rate and spreads the cost of the levy across a larger tax base.

In contrast to levy driven funds, some taxing units have “rate” driven funds outside of the maximum levy controls such as Cumulative Capital Development (CCD Fund) for a County, Cumulative Capital Development (CCD Fund) for a City, and Cumulative Funds for a Township or Special Taxing District. The release of previously restricted AV to these rate driven funds will result in additional property taxes being levied and collected for those specific rate driven funds. Please note that the above tax impacts illustrate 2024.

Further, a residual impact of driving down the tax rate is that fewer properties will meet the property tax caps and therefore each taxing unit will net collect more of the property tax which it levied.

Specifically, in looking at the Franklin Township example above, if ~\$91.37 million of AV is released back into the tax base, then the estimated taxing district rate would fall from \$2.8969 to \$2.7758. After adjusting both rates for School Referendum, the estimated reduction to circuit breaker would be ~\$163,940 which would proportionately benefit the taxing units which make up the taxing district. ~\$18,421 to the County, ~\$66,117 to the City, ~\$74,119 to the School, etc. However, for the rate driven funds, the new assessed value would produce more property tax as well as “piggy back” taxes of financial institutions, auto excise, and commercial vehicle excise. For each dollar of property tax levied a proportionate percentage of these “piggy back” taxes are distributed to the same fund as the property tax levy. Total estimated property and “piggy back” taxes, for the Franklin Township example, are ~\$33,168 for the County and ~\$39,941 for the City. The Needham Township example follows the identical methodology.

In summary, everyone should look at the annual revenue collected versus the annual tax impact to see how much is received by the TIF and how little the cost is to each taxing unit and gauge the benefit received from all by the undertaking of the TIF projects. For the Combined Areas, the estimated revenue is ~\$5.9 million and the estimated impact is ~\$463,758.