



# Department of Local Government Finance

## Certification of Net Assessed Values ("CNAVs")

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July 2020



# Agenda

- Definitions
- CNAV Submission Calendar (January 1 – August 1)
- CNAV Submission Review by the Department
- CNAV Reports on Gateway
- Advanced CNAV Concepts
  - AV Withholding
  - Annexation Reporting
  - TIF Reporting (TIF Neutralization and TIF Pass Through)



# DLGF Webinars

Throughout 2021, the Department has done a series of webinars on a various budget related topics:

1. Introduction to Budgeting (Budget 101)
2. Circuit Breaker Overview
3. Preparing for Budget Workshops
4. Department July Estimates Reports
5. 2021 Legislative Overview

Each presentation is available at the navigation below:

<https://www.in.gov/dlgf/9697.htm>



# Definitions



# Definitions – Budget Order

- **Budget Order** – An order produced by the Department for each county by December 31/January 15. The Order contains a list of each taxing unit and their:
  - Certified Appropriation
  - Certified Net Assessed Value (“CNAV”)
  - Certified Property Tax Levy
  - Certified Property Tax Rate
- Budget Orders can be found on the DLGF website:
  - <https://www.in.gov/dlgef/2339.htm>



# Definitions – Budget Order

<b>2020 BUDGET ORDER</b>					
Year: 2020					
County 32 Hendricks					
Unit: 0503 PLAINFIELD CIVIL TOWN					
	<u>Fund</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
0101	GENERAL	\$14,250,000	\$2,457,311,425	\$3,968,558	\$0.1615
Budget approved for displayed amount.					
Rate reduced to remain within statutory levy limitation.					
0182	BOND #2	\$954,861	\$2,457,311,425	\$899,376	\$0.0366
Budget approved for displayed amount.					
Rate reduced due to reduction of operating balance according to IC 6-1.1-17-22.					

The table above is an excerpt of the Hendricks County Budget Order which includes the town of Plainfield. The Certified Budget order contains the certified budget, AV, levy, and rate.



# Definitions – Fund

- Fund – A separate set of accounts established to carry out a specific purpose or activity.
  - The number of funds varies based on the unit.
  - Some funds require Department approval, while others are considered “reporting-only.” Units will have adopt budgets for funds that don’t appear on the budget order.
  - As a general rule of thumb, if it can have property tax pledged to it, the fund is likely to appear on the Order.



# Definitions – Appropriation (“Budget”)

- Appropriation – Permission to spend funds that the unit has or will receive throughout the year.
  - Also referred to as the “budget.”
  - Money in a fund may not be spent unless there is an appropriation.
  - The appropriation is determined by the amount that is advertised and adopted by the unit and the amount of revenue (cash, levy, and miscellaneous revenue) available to support that level of spending.





# Definitions – Levy

- Levy – The estimated amount of property taxes to be received in a given fund in a given budget period.
  - The county auditor distributes the property tax to the units semiannually in June and December.
  - Certain factors can cause the unit to receive less than the certified levy such as collection issues and "Circuit Breaker" losses due to statutory tax caps.



# Definitions – Max Levy

- Maximum Levy – The maximum amount of property tax that a unit may collect in a given year.
  - Max levies are increased annually by the MLGQ.
  - Units may take less than their max levy.

Note 1: Max levy does not appear on the budget order.

**Note 2: Not all funds are subject to the max levy. Debt funds are considered to be “outside the max levy.”**



# Definitions – Tax Rate

- Tax Rate – The rate to be charged to taxpayers in order to generate the property tax levy.
  - The tax rate is calculated by taking the Property tax levy and dividing by the Net Assessed Value. (The result is multiplied by 100.)
  - The tax rate is expressed in terms of “dollars per \$100 of assessed value.”



# Definitions – Net Assessed Value

- Net Assessed Value (NAV) – The total taxable amount of real and personal property within the unit’s boundaries.
  - The local assessor calculates the gross AV, then the county auditor applies exemptions and deductions to determine the NAV.
  - The NAV is certified to the Department by the County Auditor. **The deadline for certification is August 1.**



# Definitions – Tax Rate

<b>2020 BUDGET ORDER</b>					
Year: 2020					
County 32      Hendricks					
Unit: 0503      PLAINFIELD CIVIL TOWN					
	<u>Fund</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
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Budget approved for displayed amount. Rate reduced due to reduction of operating balance according to IC 6-1.1-17-22.					

- The General fund has a budget of \$14M. The budget is funded by \$3.9M worth of property tax.
- The tax base is \$2.4B. In order to generate \$3.9M each taxpayer will have to pay 0.1615 for each \$100 of taxable property.



# Definitions – Tax Rate

- While the Department's Budget Order is used by units to determine their spending authority and the projected property tax distributions, there is more useful information for taxpayers.
- The tax rate informs taxpayers of how much they will 'pay' for local government services.



# Definitions – Tax Rate

- Tax Rate Calculation:
  1. The max levy is a statutory limit on the amount of levy a unit can have.
  2. Units may tax up to their maximum levy amount.
  3. The County Assessor and County Auditor provide the amount of the tax base in the form of the CNAV.
  4. The Department will use the unit's levy and the CNAV to calculate the tax rate.



# Definitions – Tax Rate Example #1

The CNAV is a value that is calculated a locally, and certified to the Department.

While units don't calculate their tax base, the CNAV will frame the discussion that tax payers will have surrounding the cost of the government during the budget cycle.

Example #1 will serve as our baseline for examining the impact of the CNAV on the tax rate.

Example #1

Levy	CNAV	Tax rate (Levy / CNAV)/100
\$25.00	1,000.00	2.5000

For every \$100 of AV, the unit will need to collect \$2.50 in order to generate \$25 of total levy.





# Definitions – Tax Rate Example #2

The CNAV is a value that is calculated a locally, and certified to the Department.

While units don't calculate their tax base, the CNAV will frame the discussion that tax payers will have surrounding the cost of the government during the budget cycle.

In Example #2, the unit will still receive the same amount of levy, but the taxes are spread across a larger tax base. Since the tax base increased, the overall tax rate fell.

Example #2 – AV Increase

Levy	CNAV	Tax rate (Levy / CNAV)/100
\$25.00	1,000.00	2.5000
\$25.00	10,000.00	0.2500

For every \$100 of AV, this unit will need to collect \$0.250 in order to generate \$25 of total levy.



# Definitions – Tax Rate Example #3

The CNAV is a value that is calculated a locally, and certified to the Department.

While units don't calculate their tax base, the CNAV will frame the discussion that tax payers will have surrounding the cost of the government during the budget cycle.

In Example #3, the unit will still receive the same amount of levy, but the taxes are spread across a smaller tax base. Since the tax base decreased, the overall tax rate increased.

Example #3 – AV Decrease

Levy	CNAV	Tax rate (Levy / CNAV)/100
\$25.00	1,000.00	2.5000
\$25.00	750.00	3.3333

For every \$100 of AV, this unit will need to collect \$3.333 in order to generate \$25 of total levy.



# Definitions – Budget Order

## 2020 BUDGET ORDER

Year: 2020

County 32 Hendricks

Unit: 0503 PLAINFIELD CIVIL TOWN

	<u>Fund</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
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Budget approved for displayed amount.					
Rate reduced due to reduction of operating balance according to IC 6-1.1-17-22.					

- Question 1: What would happen to the tax rate for the general fund if the CNAV was \$2B?
  - The rate would increase to .1984.
- Question 2: What would happen to the tax rate for the general fund if the CNAV was \$3B?
  - The rate would decrease to .1323.
- Question 3 (Bonus): What would happen to the budget if the CNAV was \$1B or \$4B?
  - There would not be a direct change to the Budget Order.



# 2020 pay 2021 Budget Cycle



# 2020 pay 2021 - Budget Cycle

- While all units received their 2019 pay 2020 Budget Order by January 15. The Budget Cycle never truly ends.
- On January 1, 2020, the 2020 pay 2021 tax assessment and billing cycle began.
- The cycle begins with the county assessor's valuation of the real and personal property within the county.
- This valuation is the beginning of calculating the tax base that will appear on the follow year's budget order.



# Assessment 101 - Introduction

- In order to generate the gross assessed value for all property in an area, the township or county assessor will use the following techniques:
  1. Mass Appraisal
  2. Annual Adjustments / Trending
  3. Cyclical Reassessment



# Assessment 101 - Mass Appraisal

- Consistent with the national standard, Indiana properties are valued using mass appraisal techniques.
- With mass appraisal, properties are valued in conjunction with other properties in the area.
- Assessments value the property using considerations for:
  1. The age of the property
  2. The grade of the property
  3. The condition of property



# Assessment 101 - Annual Adjustment

- Each year real property sales data, based on sales of recent properties, is used to determine if the value of properties in the area should change to match the market value.
- This process is known as annual adjustment or “trending.”
- Trending is designed to bring property values closer to market value-in-use.





# Assessment 101 - Cyclical Reassessment

- Assessment is also performed on a micro (parcel) level.
- Since 2014, cyclical reassessment is now conducted over a four-year period.
- During statewide cyclical reassessments, county and township assessors physically inspect each property to ensure that property records are correct.



# Assessment 101 – Gross AVs

- After applying the mass appraisal, trending, and cyclical reassessment to all properties, then processing all appeals, the assessor will have calculated the “gross assessed value” for all property in a county.
- Properties that are not part of the cyclical reassessment will be annually adjusted.
- While the tax assessment and billing cycle begins with the calculation of gross assessed value, the actual tax base is based on the net assessed value.



# Exemptions and Deductions

	Example 1 Standard Homestead	Example 2 Church	Example 3 Government Owned Property
Gross Assessed Value (From Assessor)	100,000	100,000	100,000
Homestead Deduction	45,000		
Supplemental Homestead Deduction	19,250		
Mortgage Deduction	3,000		
Religious Exemption		100,000	
Government Exemption			100,000
Net Assessed Value	32,750	0	0

- The Legislature has created a series of exemptions and deductions that reduce the a property's tax liability without suppressing the property values.
- Annually, the exemptions and deductions are calculated and applied to all property by the county auditor.
- On a tax bill, a taxpayer will see both their gross and net AV.

Note: In this example, the GAV is \$300,000, but NAV is only \$32,750. The \$32,750 will be used for the tax rate.



# Assessment 101 – Net AVs

- On or before July 1, the assessor must “roll and balance” the gross assessed values for all property to the county auditor’s office.
- After “rolling and balancing” with the county assessor, the auditor has 30 days to apply all deductions and exemptions to all taxable property.
- The Certified Net Assessed Values (“CNAV”) are submitted by the county auditor to the Department by August 1.
- The Department will publish the CNAV data for all units on the public side of Gateway.



# CNAV Submission Review



# CNAV Review

- The annual assessment process means that the tax base is changes every year.
- **While the Gross and Net AV figures are ultimately calculated locally and applied locally, the Department tries to assist the county during the certification processes.**
- During certification, the Department will request additional information from the county auditor if certain criteria are met.



# CNAV Review

- During Certification, the county auditor must provide additional feedback if a taxing district is reported with:
  - +/- 10% Change in Real Property
  - +/- 10% Change in Personal Property
  - +/- 10% Change in TIF Real Property
  - +/- 10% Change in TIF Personal Property
  - +/- 10% Change in TIF Passthrough
  - +/- 10% Change in Gross AV (Conservancies Only)



# CNAV Review

- The Department's primary interest in the CNAV changes is the impact CNAV will have on the tax rate, but increases and decreases in the CNAV are neither correct nor incorrect.
- Counties are encouraged to adopt an internal CNAV review that is separate from the DLGF review.
- Units are encouraged to adopt an CNAV internal that is separate from the county and DLGF review.





# CNAV Reports on Gateway



# CNAV Reports on Gateway

- Once the county auditor certifies net assessed values (“CNAV”) in Gateway, the Department publishes the information for all units to review.
- There are two reports that can be used review the CNAVs:
  1. CNAV - District Report
  2. CNAV - Detail by District and Fund Report



# CNAV by District Report

- [CNAV - District Report](#)
- The report contains a summary by taxing district of real property, personal property, TIF increment AV, and optional AV withholding.
- The District Report is the more comprehensive of the two reports.
- A taxing unit may span across multiple taxing districts. To build their CNAV, the unit would need to sum and review each of these taxing districts.
- Information about the taxing district(s) that comprise the unit's tax base can be found on <https://budgetnotices.in.gov/>.



# CNAV by District Report

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
A	B	C	D	E	F	G	H	I						
001	North Blue Creek Township	\$18,105,438	\$22,541,630	\$11,978,880	\$52,625,948	\$2,178,330	\$818,510	\$2,996,840	\$0	\$0	\$0	\$55,622,788	\$0	\$0
002	South Blue Creek Township	\$2,185,541	\$4,767,700	\$2,655,800	\$9,609,041	\$76,610	\$150,400	\$227,010	\$0	\$0	\$0	\$9,836,051	\$0	\$0
003	North French Township	\$19,563,526	\$19,750,340	\$12,010,860	\$51,324,726	\$4,144,990	\$708,140	\$4,853,130	\$0	\$0	\$0	\$56,177,856	\$0	\$0
004	South French Township	\$3,043,319	\$4,100,500	\$2,190,400	\$9,334,219	\$1,670,120	\$178,160	\$1,848,280	\$0	\$0	\$0	\$11,182,499	\$0	\$0
005	Hartford Township	\$13,190,038	\$24,784,980	\$8,541,980	\$46,516,998	\$6,613,700	\$1,816,460	\$8,430,160	\$0	\$0	\$0	\$54,947,158	\$0	\$0
006	Jefferson Township	\$11,952,677	\$24,412,800	\$13,984,540	\$50,350,017	\$4,961,990	\$702,360	\$5,664,350	\$0	\$0	\$0	\$56,014,367	\$0	\$0
007	Kirkland Township	\$22,810,657	\$24,982,960	\$11,482,190	\$59,275,807	\$5,582,760	\$2,473,800	\$8,056,560	\$0	\$0	\$0	\$67,332,367	\$0	\$0
008	North Monroe Township	\$34,634,474	\$30,417,000	\$28,991,620	\$94,043,094	\$3,714,600	\$4,532,160	\$8,246,760	\$0	\$0	\$0	\$102,289,854	\$0	\$0
009	South Monroe Township	\$7,736,526	\$9,974,120	\$11,516,922	\$29,227,568	\$5,235,030	\$1,471,290	\$6,706,320	\$0	\$0	\$0	\$35,933,888	\$0	\$0



# CNAV by District Report

Column	Description	Notes
A	Tax District Code	Locally Assigned Taxing District Code
B	Tax District Name	Locally Assigned Taxing District Name
C	RP Net AV 1%	Net AV for real property that meets the qualifications of the “1% Allocation Type.” Homesteads eligible for a credit under IC 6-1.1-20.6-7.5.
D	RP Net AV 2%	Net AV for real property that meets the qualifications of the “2% Allocation Type.” Residential property, agricultural land, long term care property, and other tangible property eligible for a credit under IC 6-1.1-20.6-7.5.
E	RP Net AV 3%	Net AV for real property that meets the qualifications of the “3 % Allocation Type. Nonresidential real property and other tangible property eligible for a credit under IC 6-1.1-20.6-7.5.
F	Real Est Net AV	Formula: Column C + Column D + Column E
G	Local PP Net AV	Locally Assessed Personal Property
H	State PP Net AV	State Assessed Personal Property
I	PP Net AV	Formula: Column G + Column H



# CNAV by District Report

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
									<b>J</b>	<b>K</b>	<b>L</b>	<b>O</b>	<b>M</b>	<b>N</b>
001	North Blue Creek Township	\$18,105,438	\$22,541,630	\$11,978,880	\$52,625,948	\$2,178,330	\$818,510	\$2,996,840	\$0	\$0	\$0	\$55,622,788	\$0	\$0
002	South Blue Creek Township	\$2,185,541	\$4,767,700	\$2,655,800	\$9,609,041	\$76,610	\$150,400	\$227,010	\$0	\$0	\$0	\$9,836,051	\$0	\$0
003	North French Township	\$19,563,526	\$19,750,340	\$12,010,860	\$51,324,726	\$4,144,990	\$708,140	\$4,853,130	\$0	\$0	\$0	\$56,177,856	\$0	\$0
004	South French Township	\$3,043,319	\$4,100,500	\$2,190,400	\$9,334,219	\$1,670,120	\$178,160	\$1,848,280	\$0	\$0	\$0	\$11,182,499	\$0	\$0
005	Hartford Township	\$13,190,038	\$24,784,980	\$8,541,980	\$46,516,998	\$6,613,700	\$1,816,460	\$8,430,160	\$0	\$0	\$0	\$54,947,158	\$0	\$0
006	Jefferson Township	\$11,952,677	\$24,412,800	\$13,984,540	\$50,350,017	\$4,961,990	\$702,360	\$5,664,350	\$0	\$0	\$0	\$56,014,367	\$0	\$0
007	Kirkland Township	\$22,810,657	\$24,982,960	\$11,482,190	\$59,275,807	\$5,582,760	\$2,473,800	\$8,056,560	\$0	\$0	\$0	\$67,332,367	\$0	\$0
008	North Monroe Township	\$34,634,474	\$30,417,000	\$28,991,620	\$94,043,094	\$3,714,600	\$4,532,160	\$8,246,760	\$0	\$0	\$0	\$102,289,854	\$0	\$0
009	South Monroe Township	\$7,736,526	\$9,974,120	\$11,516,922	\$29,227,568	\$5,235,030	\$1,471,290	\$6,706,320	\$0	\$0	\$0	\$35,933,888	\$0	\$0



# CNAV by District Report

Column	Description	Notes
J	AV TIF Real Est	Valuation of the TIF Increment for Real Property
K	AV TIF PP	Valuation of the TIF Increment for Personal Property
L	AV Withholding	IC 6-1.1-17-0.5 allows county auditors to withhold or reduce net assessed value by two percent (2%) to absorb the effects of reduced property tax collections from appeals and application of deductions.
M	AV TIF Released	Any excess assessed value within TIF districts as reported by the RDC before June 15 of each year. IC 36-7-14- 39(b)(4) Note: Value not directly used in CNAV calculation.
N	AV Annex Change	The valuation of an annexed geographic area in annexation documents to the county auditor Note: Value not directly used in the CNAV calculation.
O	Adjusted Net AV	Formula: Column C + Column D + Column E + Column F + Column G – Column J – Column K – Column L  or Formula: Real Property Total + Personal Property Total – TIF Increment (Real and Personal) – AV Withholding



# CNAV by Detail by District and Fund

## CNAV by Detail by District and Fund

- The report contains the total taxing district AV presented at the unit and the fund level.
- Where the “CNAV by District Report” focuses on the horizontal pieces of the Adjusted Net AV, the “CNAV by Detail by District and Fund” shows the vertical relationship between the taxing districts at the taxing units level.
- The “Adjusted Net AV” links the two reports.





# CNAV by Detail by District and Fund (Ex #1)

0001	BLUE CREEK TOWNSHIP	0061	RAINY DAY	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
				<b>0061 - TOTAL NET AV</b>		<b>\$63,344,296</b>
		0101	GENERAL	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
				<b>0101 - TOTAL NET AV</b>		<b>\$63,344,296</b>
		0840	TOWNSHIP ASSISTANCE	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
				<b>0840 - TOTAL NET AV</b>		<b>\$63,344,296</b>
		1111	FIRE	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
				<b>1111 - TOTAL NET AV</b>		<b>\$63,344,296</b>

- Taxing Unit 0001 has four funds listed.
- The tax base is split between taxing districts 001 and 002.
- The Department will use an CNAV of 63,344,296 for all four funds.



# CNAV by Detail by District and Fund (Ex #2)

0006	MONROE TOWNSHIP	0840	TOWNSHIP ASSISTANCE	008	North Monroe Township	\$99,223,355
				009	South Monroe Township	\$34,783,180
				010	Berne City-Monroe Township	\$55,331,022
				011	Monroe Town-Monroe Township	\$21,083,649
				<b>0840 - TOTAL NET AV</b>		<b>\$210,421,206</b>
		1111	FIRE	008	North Monroe Township	\$99,223,355
				009	South Monroe Township	\$34,783,180
				<b>1111 - TOTAL NET AV</b>		<b>\$134,006,535</b>

- Taxing Unit 0006 has two funds listed.
- The tax base is split between taxing districts 008, 009, 010, and 011.
- The Department will use a CNAV of \$210,421,206 for the township assistance fund, but will use a CNAV of \$134,006,535 for the fire fund.



# CNAV Recap – 5 Steps

- I. From January 1 to June 30, the county or township assessor will use a variety of techniques to calculate the GAV.
- II. On July 1, the county assessor will roll and balance the GAV with the county auditor.
- III. From July 1 to July 31, the county auditor will apply all exemptions and deductions to the GAV to calculate the NAV.
- IV. On August 1, the county auditor will certify the NAV to the Department.
- V. On August 2, the Department will make the net assessed values available to all units across the State, and units will review the changes to their tax base.



# Advanced CNAV Concepts



# AV Withholding



# CNAV by District Report – AV Withholding

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
001	Clay Twp	\$48,618,708	\$33,230,800	\$12,766,668	\$94,616,176	\$5,503,310	\$1,356,060	\$6,859,370	\$0	\$0	\$2,029,153	\$99,446,393	\$0	\$0
002	C-Clay Annex	\$22,480,380	\$1,894,900	\$274,300	\$24,649,580	\$932,450	\$644,250	\$1,576,700	\$0	\$0	\$524,393	\$25,701,887	\$0	\$0
003	Clifty Twp	\$21,613,872	\$23,600,200	\$11,790,438	\$57,004,510	\$4,491,780	\$1,747,450	\$6,239,230	\$0	\$0	\$1,264,708	\$61,979,032	\$0	\$0
004	Columbus Twp	\$61,811,809	\$51,185,691	\$30,193,949	\$143,191,449	\$15,067,720	\$19,192,240	\$34,259,960	\$0	\$0	\$3,548,517	\$173,902,892	\$0	(\$218,100)
005	City of Columbus	\$885,363,832	\$525,577,512	\$819,437,182	\$2,230,378,526	\$543,997,720	\$33,101,520	\$577,099,240	\$235,315,806	\$210,013,747	\$56,143,991	\$2,306,004,222	\$0	\$218,100



# AV Withholding – IC 6-1.1-17-0.5

The county auditor may reduce a taxing district's NAV only to enable the taxing district to absorb the effects of **reduced property tax collections** that are expected to result from:

1. Successful appeals of the AV of property located in the taxing district.
2. Deductions under [IC 6-1.1-12-37](#) and [IC 6-1.1-12-37.5](#) that result from the granting of applications for the standard deduction for the calendar year under [IC 6-1.1-12-37](#) or [IC 6-1.1-12-44](#) after the county auditor certifies NAV.
3. Deductions that result from the granting of applications for deductions for the calendar year under [IC 6-1.1-12-44](#) after the county auditor certifies NAV.
4. Reassessments of real property under [IC 6-1.1-4-11.5](#).



# AV Withholding – IC 6-1.1-17-8.5

- The amount of the reduction in a taxing district's net assessed value for a calendar year **may not exceed two percent (2%)** of the net assessed value of tangible property.
- **The county auditor may appeal to the Department to reduce a taxing unit's net assessed valuation by an amount that exceeds 2%.**
  - The Department:
    - (1) may require the county auditor to submit supporting information with the county auditor's appeal;
    - (2) may approve, modify and approve, or reject the amount of the reduction.





# Annexation



# CNAV by District Report – Annexation

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
														<b>N</b>
001	Clay Twp	\$48,618,708	\$33,230,800	\$12,766,668	\$94,616,176	\$5,503,310	\$1,356,060	\$6,859,370	\$0	\$0	\$2,029,153	\$99,446,393	\$0	\$0
002	C-Clay Annex	\$22,480,380	\$1,894,900	\$274,300	\$24,649,580	\$932,450	\$644,250	\$1,576,700	\$0	\$0	\$524,393	\$25,701,887	\$0	\$0
003	Clifty Twp	\$21,613,872	\$23,600,200	\$11,790,438	\$57,004,510	\$4,491,780	\$1,747,450	\$6,239,230	\$0	\$0	\$1,264,708	\$61,979,032	\$0	\$0
004	Columbus Twp	\$61,811,809	\$51,185,691	\$30,193,949	\$143,191,449	\$15,067,720	\$19,192,240	\$34,259,960	\$0	\$0	\$3,548,517	\$173,902,892	\$0	(\$218,100)
005	City of Columbus	\$885,363,832	\$525,577,512	\$819,437,182	\$2,230,378,526	\$543,997,720	\$33,101,520	\$577,099,240	\$235,315,806	\$210,013,747	\$56,143,991	\$2,306,004,222	\$0	\$218,100



# Annexation

- Municipalities and townships can have their tax bases changed through annexation.
- In order to differentiate between increases and decrease in assessed value due to growth and parcels moving between taxing districts, annexations are separated on the CNAV report.
- The Department will validate the annexation column against a separately submitted annexation from the auditor.
- The Department will use the annexation column as we calculate the annexation adjustment to the ML during budget certification.



# Tax Increment Financing (“TIF”)



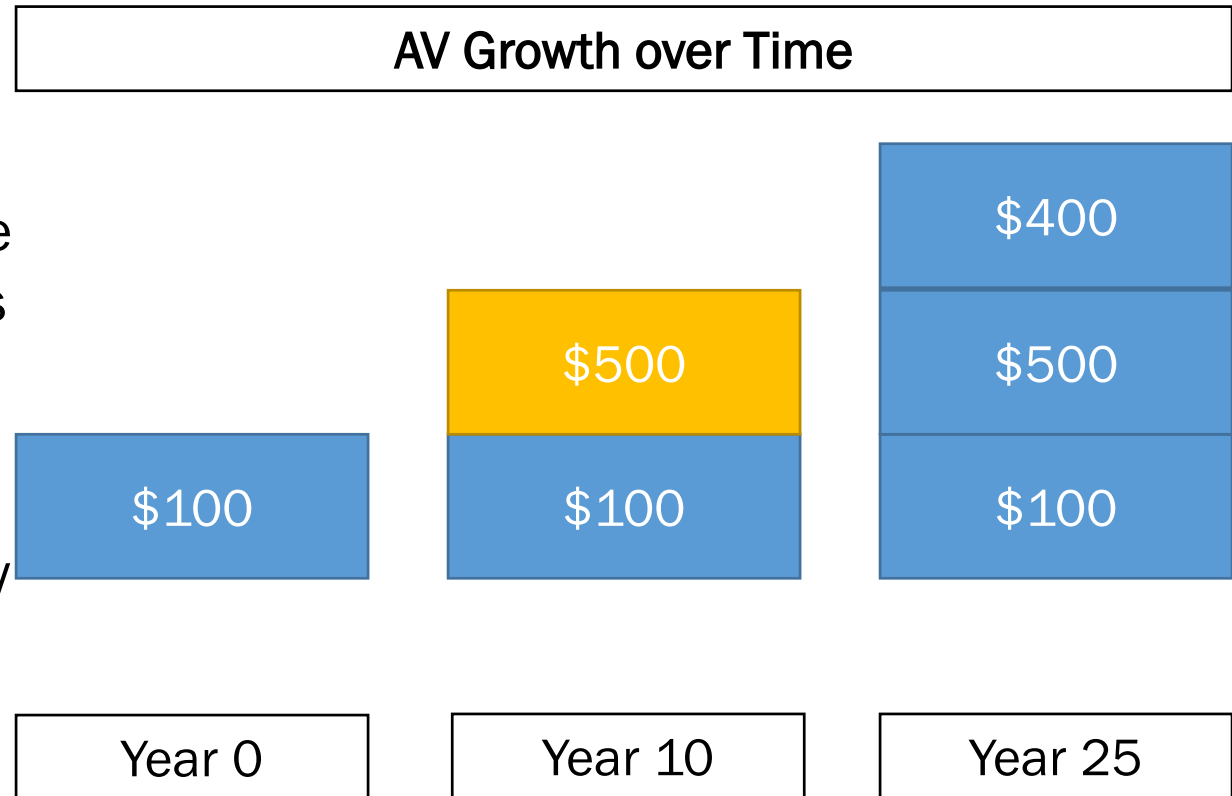
# Tax Increment Financing (“TIF”)

- TIF is a method to finance localized economic development including, but not limited to:
  1. Encouraging new business to invest in an area
  2. Rehabilitating blighted areas
- TIF can finance projects that:
  1. Improve Infrastructure (e.g. utilities or roads)
  2. Improve emergency service providers (Police and Fire)



# Tax Increment Financing (“TIF”) - Overview

- When a TIF is created, the existing AV Value is classified as the **base**.
- As development occurs, the AV value increase. The increase is referred as the **increment**.
- Taxing units will receive property taxes generated by the base AV, but taxes generated by the increment AV go to the TIF district.
- When the TIF expires, taxing units will receive taxes generated from all the AV.





# TIF Neutralization

- TIF Neutralization is a prerequisite step that must be completed prior to NAV certification.
- TIF Neutralization Factor represents an approximation of the change in net AV in the base and increment that is due to annual adjustment or reassessment.
  - If the factor is greater than 1, then the value of the TIF area is being positively impacted by reassessment and AA.
  - If the factor is less than 1, then the value of TIF area is being adversely impacted by reassessment and AA.
  - If the factor is 1, there is no impact due to reassessment and AA.
  - The factor may never be zero.



# CNAV by District Report – TIF Reporting

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
									<b>J</b>	<b>K</b>				
038	Aboite	\$732,299,105	\$139,934,089	\$230,658,841	\$1,102,892,035	\$48,069,580	\$65,713,500	\$113,783,080	\$0	\$0	\$7,297,365	\$1,209,377,750	\$9,967,000	\$0
039	Adams	\$33,328,479	\$12,302,700	\$9,209,940	\$54,841,119	\$3,421,180	\$14,319,500	\$17,740,680	\$0	\$0	\$217,339	\$72,364,460	\$0	\$0
040	Adams Ptc	\$4,109,533	\$2,338,698	\$5,255,972	\$11,704,203	\$4,964,870	\$6,999,930	\$11,964,800	\$0	\$0	\$212,781	\$23,456,222	\$0	\$0
041	New Haven Adams Ptc	\$189,503,714	\$79,501,507	\$139,837,996	\$408,843,217	\$62,156,980	\$8,870,920	\$71,027,900	\$3,902,150	\$0	\$1,196,908	\$474,772,059	\$0	\$7,050,100

AV from TIF increment, both real or personal property, are listed in Columns J and K. Since taxes generated from the increment go to the TIF, they are subtracted from the Adjusted AV total.





# TIF and Excess Assessed Valuation



# TIF and Excess Assessed Valuation

- A TIF district may forgo taxing the increment opting instead to “Pass Through” that taxable AV to the underlying units.
- TIF Pass Through is optional, and the TIF may not authorize a pass through it would jeopardize the interests of lessors or the bondholders.
- Annually, TIF districts must provide notice to the county auditor stating:
  1. The amount, if any, of excess assessed value that may be allocated to the respective taxing units.
  2. The TIF has determined that there is no excess AV.



# CNAV by District Report – TIF Reporting

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
													<b>M</b>	
038	Aboite	\$732,299,105	\$139,934,089	\$230,658,841	\$1,102,892,035	\$48,069,580	\$65,713,500	\$113,783,080	\$0	\$0	\$7,297,365	\$1,209,377,750	\$9,967,000	\$0
039	Adams	\$33,328,479	\$12,302,700	\$9,209,940	\$54,841,119	\$3,421,180	\$14,319,500	\$17,740,680	\$0	\$0	\$217,339	\$72,364,460	\$0	\$0
040	Adams Ptc	\$4,109,533	\$2,338,698	\$5,255,972	\$11,704,203	\$4,964,870	\$6,999,930	\$11,964,800	\$0	\$0	\$212,781	\$23,456,222	\$0	\$0
041	New Haven Adams Ptc	\$189,503,714	\$79,501,507	\$139,837,996	\$408,843,217	\$62,156,980	\$8,870,920	\$71,027,900	\$3,902,150	\$0	\$1,196,908	\$474,772,059	\$0	\$7,050,100

- The RDC in taxing district 038 passed through \$9.9M. The pass through reduced the TIF increment (AV TIF Real and AV TIF PP). By lowering the reduction of the increment, the Adjusted Net AV increased for the taxing district.
- The increase to the Adjusted Net AV will decrease the tax rate for underlying taxing units.