

## TIF PLAN

### *A. Tax Increment Financing Procedure*

The Tax Increment Financing procedure outlined in the Act requires the passage of an ordinance by the Village of Elkton to adopt or amend a Downtown Development Plan and Tax Increment Financing Plan. Following adoption of the ordinance approving the Development and Tax Increment Financing Plan, the Township and County Treasurers are required by law to transmit to the DDA that portion of the tax levy of all taxing jurisdictions paid each year on the captured assessed value of all real and personal property included in the Tax Increment Financing Plan. The Tax Increment Financing Plan may be modified if the Village of Elkton follows the same modification and public hearing procedures as were required to adopt the original Plan.

At the time the first Tax Increment Financing Plan is adopted, the “initial assessed value” is determined. The initial assessed value, as equalized, of all the taxable property within the boundaries of the Development Area at the time the ordinance establishing the Tax Increment Financing Plan is approved, as shown by the most recent assessment roll for which equalization has been completed at the time the ordinance is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included at zero. Property for which a specific local tax is paid in lieu of property tax shall not be considered exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of property tax is determined as provided below.

The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan’s percentage capture and use of taxes levied by a municipality or county for operating purposes. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, Michigan PA 62 of 1933, MCL 211.201 to 211.217a. Tax increment revenues used to pay bonds issued by the Township under section 16(1) of the Act shall be considered to be used by the tax increment financing plan rather than shared with the Township.

“Specific local tax” means a tax levied under Michigan PA 198 of 1974, MCL 207.551 to 207.572, the Commercial Redevelopment Act, Michigan PA 255 of 1978, MCL 207.651 to 207.668, Michigan PA 189 of 1953 MCL 211.181 to 211.182, and the Technology Park Development Act, Michigan PA 385 of 1984, MCL 207.701 to 207.718. The initial assessed value or current assessed value of property subject to specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the Michigan State Tax Commission prescribes the method of calculating the initial assessed values and current assessed value for which a specific local tax was paid in lieu of a property tax.

***B. Estimated Captured Assessed Values, and Estimated Tax Increment Revenues***

The tax increment revenues or “captured assessed value” means the amount in any one year by which the current assessed value of the project area, including the current assessed value of property for which specific local taxes are paid in lieu of property taxes, exceeds the initial assessed value. Tax Increment Revenue to be transmitted to the Authority by the Village Treasurer and/or County Treasurer shall be that portion of the tax levy of all taxing bodies paid each year on the assessed value of real and personal property in the Development Area on the captured assessed value

The DDA is not authorized to capture tax increment revenues from any ad valorem taxes or specific local taxes attributable to the levy by the State of the six-mill education tax pursuant to Michigan PA 331 of 1993, as amended, or taxes levied by any local or intermediate school district.

Refer to Table 2 for estimated captured assessed values and estimated tax increment revenues based upon various growth scenarios in the DDA district. Although the actual tax increment revenues available to the DDA may vary from the estimates herein provided, the estimates of tax increment revenue in the exhibit are based on the following:

- Millage rates:
  - Village of Elkton
    - 12.50-Village General Operating
    - 5.00-Village Streets
    - 0.50-Village Ambulance
    - 0.10-Village Cemetery
  - Huron County
    - 4.3807-General Operating
    - 0.5-Medical Care
    - 0.2-Transit
    - 0.25-Older Citizens
    - 1.0-County Road
    - 0.08- Veterans
  - Oliver Township
    - 1.27290-General Operating
    - 3.00-Roads
    - 0.50-Fire
    - 0.15-Pigeon Library
    - 0.10-Elkton Area Historical Society
- An initial taxable base of \$4,475,842 in the DDA area.
- All voted millages will be renewed throughout the duration of the plan.
- No local, intermediate school district or state education taxes will be captured.

**Table 2 Elkton DDA Potential Capture**

				A		B		C	A+B+C
Future Taxable Value	Base Value	Captured Taxable Value	Village Gen. Operating Millage	Village Gen. Operating Capture	Village Street Amb. Cem. Millage	Village Street Amb. Cem. Capture	County Millage*	County Capture	Total TIF Revenue
\$4,475,842	\$4,475,842	\$0	12.50	\$0	5.60	\$0	6.4107	\$0	\$0
\$4,485,842	\$4,475,842	\$10,000	12.50	\$125	5.60	\$56	6.4107	\$64	\$245
\$4,495,842	\$4,475,842	\$20,000	12.50	\$250	5.60	\$112	6.4107	\$128	\$490
\$4,505,842	\$4,475,842	\$30,000	12.50	\$375	5.60	\$168	6.4107	\$192	\$735
\$4,515,842	\$4,475,842	\$40,000	12.50	\$500	5.60	\$224	6.4107	\$256	\$980
\$4,525,842	\$4,475,842	\$50,000	12.50	\$625	5.60	\$280	6.4107	\$320	\$1,225
\$4,545,842	\$4,475,842	\$70,000	12.50	\$875	5.60	\$392	6.4107	\$448	\$1,715
\$4,565,842	\$4,475,842	\$90,000	12.50	\$1,125	5.60	\$504	6.4107	\$576	\$2,205
\$4,585,842	\$4,475,842	\$110,000	12.50	\$1,375	5.60	\$616	6.4107	\$704	\$2,695
\$4,605,842	\$4,475,842	\$130,000	12.50	\$1,625	5.60	\$728	6.4107	\$832	\$3,185
\$4,625,842	\$4,475,842	\$150,000	12.50	\$1,875	5.60	\$840	6.4107	\$960	\$3,675
\$4,650,842	\$4,475,842	\$175,000	12.50	\$2,188	5.60	\$980	6.4107	\$1,122	\$4,290
\$4,675,842	\$4,475,842	\$200,000	12.50	\$2,500	5.60	\$1,120	6.4107	\$1,282	\$4,902
\$4,700,842	\$4,475,842	\$225,000	12.50	\$2,813	5.60	\$1,260	6.4107	\$1,442	\$5,515
\$4,750,842	\$4,475,842	\$275,000	12.50	\$3,438	5.60	\$1,540	6.4107	\$1,763	\$6,741
\$4,800,000	\$4,475,842	\$325,000	12.50	\$4,063	5.60	\$1,820	6.4107	\$2,083	\$7,966
\$4,900,000	\$4,475,842	\$425,000	12.50	\$5,313	5.60	\$2,380	6.4107	\$2,725	\$10,418
\$5,000,000	\$4,475,842	\$525,000	12.50	\$6,563	5.60	\$2,940	6.4107	\$3,366	\$12,869
\$5,100,000	\$4,475,842	\$625,000	12.50	\$7,813	5.60	\$3,500	6.4107	\$4,007	\$15,320
\$5,200,000	\$4,475,842	\$725,000	12.50	\$9,063	5.60	\$4,060	6.4107	\$4,648	\$17,771

\*Comprised of the following: 4.3807 General Operating; 0.5 Medical; 0.2 Transit; 0.25 Older Citizens; 1.0 County Road; 0.08 Veterans

**Table 3 Elkton DDA Potential Capture**

				A		B	A+B
Future Taxable Value	Base Value	Captured Taxable Value	Township Gen. Operating Millage	Township Gen. Operating Capture	Township Road Fire Library EAH Millage*	Township Road Fire Library EAH Capture	TOTAL TOWNSHIP TIF REVENUE
\$4,475,842	\$4,475,842	\$0	1.27290	\$0	3.75	\$0	\$0
\$4,485,842	\$4,475,842	\$10,000	1.27290	\$12.73	3.75	\$37.50	\$50.23
\$4,495,842	\$4,475,842	\$20,000	1.27290	\$25.46	3.75	\$75.00	\$100.46
\$4,505,842	\$4,475,842	\$30,000	1.27290	\$38.19	3.75	\$112.50	\$150.69
\$4,515,842	\$4,475,842	\$40,000	1.27290	\$50.92	3.75	\$150.00	\$200.92
\$4,525,842	\$4,475,842	\$50,000	1.27290	\$63.65	3.75	\$187.50	\$251.15
\$4,545,842	\$4,475,842	\$70,000	1.27290	\$89.11	3.75	\$262.50	\$351.61
\$4,565,842	\$4,475,842	\$90,000	1.27290	\$114.57	3.75	\$337.50	\$452.07
\$4,585,842	\$4,475,842	\$110,000	1.27290	\$140.03	3.75	\$412.50	\$552.53
\$4,605,842	\$4,475,842	\$130,000	1.27290	\$165.49	3.75	\$487.50	\$652.99
\$4,625,842	\$4,475,842	\$150,000	1.27290	\$190.94	3.75	\$562.50	\$753.44
\$4,650,842	\$4,475,842	\$175,000	1.27290	\$222.76	3.75	\$656.25	\$879.01
\$4,675,842	\$4,475,842	\$200,000	1.27290	\$254.58	3.75	\$750.00	\$1,004.58
\$4,700,842	\$4,475,842	\$225,000	1.27290	\$286.40	3.75	\$843.75	\$1,130.15
\$4,750,842	\$4,475,842	\$275,000	1.27290	\$350.05	3.75	\$1,031.25	\$1,381.30
\$4,800,000	\$4,475,842	\$325,000	1.27290	\$413.69	3.75	\$1,218.75	\$1,632.44
\$4,900,000	\$4,475,842	\$425,000	1.27290	\$540.98	3.75	\$1,593.75	\$2,134.73
\$5,000,000	\$4,475,842	\$525,000	1.27290	\$668.27	3.75	\$1,968.75	\$2,637.02
\$5,100,000	\$4,475,842	\$625,000	1.27290	\$795.56	3.75	\$2,343.75	\$3,139.31
\$5,200,000	\$4,475,842	\$725,000	1.27290	\$922.85	3.75	\$2,718.75	\$3,641.60

\*Comprised of the following: 3.00 Roads; 0.50 Fire; 0.15 Pigeon Library; 0.10 Elkton Area Historical Society

***C. Amount of bonded indebtedness to be incurred***

The maximum amount of bonded indebtedness to be incurred by the DDA and/or the Village of Elkton for all bond issues or loans, including payments of capitalized interest, principal and required reserve shall be \$1,000,000 for the proposed projects outlined in the Development Plan. Actual bonded indebtedness to be incurred will be limited by the amount of revenues anticipated to be received each year that will be available for servicing the debt load. The bonded indebtedness proceeds will be sufficient to pay the estimated costs of the development plus any associated costs of accompanying professional services. The Village of Elkton must approve any bonds or indebtedness, which pledge the full faith and credit of the Village of Elkton.

***D. Duration of the Program***

The Tax Increment Financing Plan will remain in effect to the end of the fiscal year 2036 unless amended after hearing and notice in accordance with section 19(2) of the Act to a shorter or longer period. Further, if repayment of the Bonds or any future bonds issued by the Authority has not been completed by December 2036, the Development Plan will be extended until the bonds have been retired.

***E. Estimated Impact on Assessed Value of Taxing Jurisdictions***

The tax increment financing plan generates revenue based only on the captured assessed value. Each Taxing Jurisdiction will continue to levy and receive taxes on the initial taxable value of \$4,475,842 in the DDA. That taxable value will continue to be used for taxing purposes by the Taxing Jurisdictions that are not exempted by the DDA Act. In effect, the taxable value is frozen at the base level for taxing purposes for the duration of the DDA development plan.

The Intermediate School District, the local school district, and the State of Michigan Education Tax fund will receive revenues from all increases in taxable value.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the “capture assessed value” that is created following implementation of a downtown development plan, would not have occurred without the stimulation of the public investment involved in the plan implementation. Therefore, the short term investment made by the taxing unit in foregoing part of the initial growth in tax revenues is repaid by the long-term benefit of substantially greater taxes realized from a stronger commercial base when the plan is completed. Furthermore, this plan uniquely tries to retain the same value of tax revenues throughout the plan, while encouraging revenue generation for all taxing jurisdictions.

The overall impact of the Tax Increment Financing Plan is expected to generate increased economic activity in the Village of Elkton and Huron County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing

jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income due to new employment within the Development Area, the Village of Elkton, and other neighboring communities throughout Huron County.

***F. Provision for use of part or all of the captured assessed value to be used by the DDA***

The DDA shall expend the tax increments received from the development plan only in accordance with the Tax Increment Financing Plan. Tax Increment revenues in excess of the estimated tax increment revenues or in excess of the actual cost of the Plan to be paid by the tax increment revenues may be retained by the DDA only for purposes that, by the resolution of the DDA Board, are determined to further the development plan in accordance with the Tax Increment Financing Plan. The excess revenue not so used shall revert proportionately to the respective taxing jurisdictions upon the execution of a resolution directing said action. The resolution should only be adopted if the DDA Board determines that all of the projects listed in the TIF Plan are completed and it has no intention to begin the process to amend its plan to add additional projects. These revenues shall not be used to circumvent existing property tax laws that provide a maximum authorized rate for the levy of property taxes.

***G. Compliance with Section 15 of the Act***

As referred to above, it is the intent of these plans to comply with Section 15 of the Act regarding tax increments, amount of tax increments, expenditure of tax increments, and submission of the tax increment financing report. These revenues shall not be used to circumvent existing property tax limitations.

***H. Reports***

The authority shall file the following with the State Tax Commission within ninety (90) days of the end of the fiscal year of the authority

- 1) Form 2604 (if one school district) Form 2967 (if more than one), as amended if required
- 2) Annual report (AR) as required by State Tax Commission Bulletin 9 of 1997, as amended (see appendix 3 of form 2604/2967 instructions). The Village annual audit will not fulfill this requirement. At a minimum, the annual report on the status of the tax increment financing account shall contain the following (125.1665):
  - a) The amount and source of revenue in the account
  - b) The amount in any bond reserve account
  - c) The amount and purpose of expenditures from the account
  - d) The amount of principal and interest on any outstanding bonded indebtedness
  - e) The initial assessed value of the project
  - f) The captured assessed value retained by the authority
  - g) The tax increment revenues received
  - h) The number of jobs created as a result of the implementation of the tax increment financing plan

- i) Any additional information the Village or the state tax commission considers necessary
  
- 3) A copy of the assessor's or treasurer's worksheet (ATW) for the authority's tax increment financing plan district, which was used to determine the plan's tax increment revenue. This is the worksheet that was used to compute how much money to send to the authority, and it may be either handwritten or computed. The worksheet should include:
  - a) Millages
  - b) Initial, current, and captured values by property tax roll (i.e., ad valorem homestead, ad valorem non-homestead, IFT new, CFT new, Tech Park, IFT replacement, and CFT restored), and
  - c) The source of tax increment revenue, subdivided by each millage levied.

APPENDIX A- DDA AREA MAP





APPENDIX B- EXISTING LAND USE MAP

