



## LOCAL INCENTIVES

Decatur County is a competitive site selection choice for a variety of reasons, including labor and land availability, transportation access and quality of life. We are able to assist companies in identifying and exploring applicable incentive programs.

Town, City and County governments in Decatur County recognize the important role incentives may play in procuring quality economic development. We consider tax abatement projects on a case-by-case basis, but shares a commitment to the creation of good paying jobs and capital investment that increases the tax base.

The incentives process varies slightly depending on where the development site is located. Contact us for specific information regarding the specific programs and processes.

### **Tax Increment Financing (TIF)**

Tax Increment Financing (TIF) provides for the temporary allocation to redevelopment or economic districts of increased tax proceeds in an allocation area generated by increases in assessed value. Thus, TIF permits cities, towns or counties to use increased tax revenues stimulated by redevelopment or economic development to pay for the capital improvements needed to induce the redevelopment or economic development.

The use of TIF is initiated by the declaration of a tax allocation area by a county, city or town redevelopment commission. Property tax assessments are frozen at predevelopment levels in the allocation area. Municipal bonds are then issued to finance the public improvements. As property values in the allocation area increase as a result of new development, the increment in tax revenues is used to meet debt service on issued bonds. Once the bonds have been paid off, the taxes collected from the allocation area are distributed to the remaining taxing districts.

Bonds payable from TIF may be used to finance the cost of redevelopment and the construction of public improvements in the redevelopment area or for projects that directly serve or benefit that area. Proceeds may also be used for training.

Bond amounts are determined by the size of the project and the amount of the increment available. The 1992 General Assembly passed legislation allowing depreciable personal property (machinery and equipment) to be used in addition to real property in computing the increment.



## **Property Tax Abatement**

Local communities may offer real and personal property tax abatement as an incentive to new and expanding businesses. Property tax abatement allows a property owner to phase in payment of property taxes over a designated period. This period may be any number of years between one and ten.

Property tax abatement in Indiana is authorized under Indiana Code 6-1.1-12.1 in the form of deductions from assessed valuation. Any property owner in a locally designated Economic Revitalization Area (ERA) who makes improvements to real property or installs new manufacturing and/or R&D equipment may apply for property tax abatement.

## **Real Property Tax Abatement**

- **Eligibility:**  
New buildings constructed are eligible for real property tax abatement. Substantial improvements to existing buildings may be eligible, but it is important to note that only the value of the improvement to the existing building qualifies. It is not permissible to abate property that is already being taxed in Indiana. By State law land does not qualify for abatement.

## **Personal Property Tax Abatement**

- **Eligibility:**  
Manufacturing or research & development equipment that is new to Indiana is eligible for personal property tax abatement. It is not permissible to abate property that is already being taxed in Indiana.