

## ABOUT THE PROJECT

This brief is one in a series about opportunities arising from the development of the Indiana Toll Road. Research was conducted by the Center for Business and Economic Research at Ball State University in conjunction with Building Better Communities at Ball State.

SECTOR **BUSINESS DEVELOPMENT**

ACTIVITY **FISCAL PLANNING**

# Tax Sharing Districts

THE INDIANA TOLL ROAD ECONOMIC DEVELOPMENT CORRIDOR



## ABOUT THE AUTHORS

### CENTER FOR BUSINESS & ECONOMIC RESEARCH

The Center for Business and Economic Research is an award-winning economic policy and forecasting research center housed within Ball State University's Miller College of Business. CBER research encompasses health care, public finance, regional economics, transportation and energy sector studies.

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### BUILDING BETTER COMMUNITIES

Building Better Communities provides comprehensive services to partners across Indiana by connecting them with Ball State University's expertise and resources. BBC offers practical solutions to local challenges and assists with community, economic, and business development.

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Economic development efforts focusing on business location decisions often place local jurisdictions in direct competition for placement of potential firms. While this competition may spur local communities to focus on important physical enhancements, the absence of resources may result in several partially prepared sites instead of one fully prepared facility. This could damage overall economic benefits because fiscal and commercial impacts and employment often accrue over a broad area. As a consequence, many communities have considered Tax Increment Financing Districts or other fiscal sharing arrangements for economic development activities.

Fiscal sharing arrangements permit communities to share tax dollars from the location of a specific new facility, and so enable local elected leaders to pool resources for business attraction and expansion efforts. This type of arrangement can be used in larger

developments, specifically those targeted for large-scale commercial development. Large malls or retail facilities, manufacturing spec buildings and warehousing facilities are all examples of commercial activities in which communities have agreed to share specific taxes in order to pool initial development resources.

Tax sharing districts are also a useful tool for demonstrating effective local government. Municipal and county governments that are able to formulate a tax sharing arrangement for economic development illustrate a degree of flexibility and cooperation that is attractive to business.

Tax sharing districts in Indiana are most likely to involve personal and real property taxes, special district taxes and LOIT, Wheel Tax and Innkeeper's Tax.