

RIVER RIDGE URBAN ENTERPRISE ZONE

This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction involving the use or application of tax incentive programs.

A. What is an Urban Enterprise Zone?

- Enterprise Zones were first established in Indiana in 1983 under IC 5-28-15.
- An Urban Enterprise Zone (UEZ) is a specially designated area in which businesses and residents alike are afforded certain local tax benefits. In turn, businesses remit a percentage of their tax savings to the local Urban Enterprise Association (UEA) which manages these funds for the benefit of the UEZ. In the case of the River Ridge UEZ, the River Ridge Development Authority is the UEA.
- Jeffersonville is home to two (2) UEZs. One is located within the River Ridge Commerce Center (the subject of this fact sheet) and the other is located primarily in the downtown Jeffersonville area.
- Available UEZ Incentives: Investment Deduction (up to 51% savings of both real and personal property taxes. IC 6-1.1-45)

B. Investment Deduction

- This deduction, which is akin to a local tax abatement, allows a Zone business to deduct the increase in assessed value from a “qualified investment” in real and personal property for 10 years.
- “Qualified Investments” are those investments in a business located in the UEZ, including:
 - The purchase of a building;
 - The purchase of new manufacturing or production equipment;
 - Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements;
 - Onsite infrastructure improvements;
 - Construction of a new building; and
 - Costs associated with retooling existing machinery.
- For the purposes of the deduction, the increase in assessed value is determined beginning with the assessed value on the assessment date in the calendar year immediately preceding the year in which a qualified investment is made.

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- Investment Deduction:
 - Allows the taxpayer a deduction of 100% of the increase in value as a result of the investment;
 - The resulting incentive is equivalent to up to a 51% tax savings on the qualified investment; and
 - Taxpayers may take the Investment Deduction for 10 years.

- Prior Approval Required:
 - According to IC 6-1.1-45-9, taxpayers located in the River Ridge Urban Enterprise Zone (RRUEZ) must obtain approval from the River Ridge Urban Enterprise Association (RRUEA) prior to making a qualifying investment.

- Forms you will need:
 - Submit form EZ-2 to the Clark County Auditor and the RRUEA between January 1st and May 15th of each assessment year during the 10-year deduction period. Note: to remain in compliance, Zone businesses must file the EZ-2 for each of the ten consecutive years.
 - In the case of deductions for personal property (machinery/equipment), this form must be accompanied by a personal property tax return (Form 102 or 103).

- Please note: Property taxes are paid in arrears in Indiana, therefore the year in which an above-referenced form is filed is for taxes due and payable the following calendar year.

C. Example UEZ Investment Deduction and Tax Payment Timing

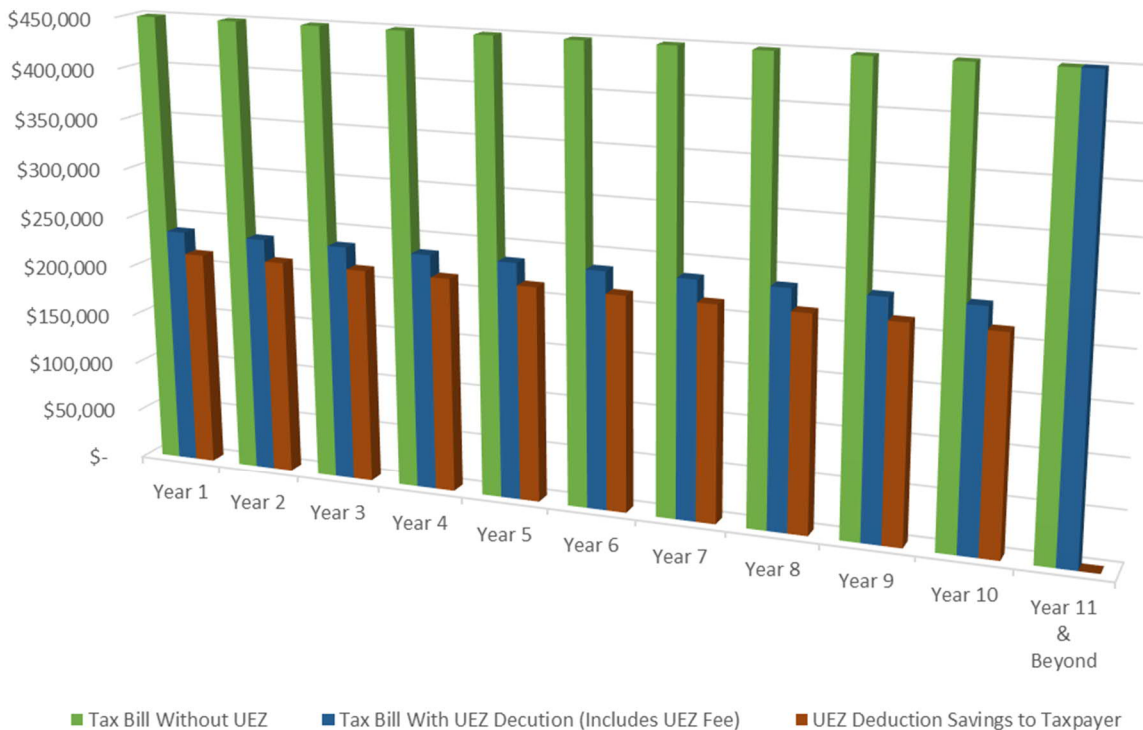
2020	Improvements made (new construction)
3/1/2021	Property assessment: Assessed value increases as a result of improvements
5/15/2021	Form EZ-2 due to Auditor’s office and RRUEA for tax year 2021 payable 2022
8/2021	Auditor notifies business whether deduction is allowed
2022	2021 property taxes and 49% RRUEA fee become payable

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D. Example UEZ Deduction Scenario

<u>Example UEZ Savings for New Commercial Building Construction</u>	
\$ 1,000,000.00	Assessed Value Prior to Investment ("Base Assessed Value")
\$ 15,000,000.00	Example Assessed Value of Property After New Construction
\$ 14,000,000.00	Increase In Assessed Value Due to New Investment / Construction
\$ (14,000,000.00)	Assessed Value Deduction Equal to New Investment (Excluding Land)
\$ 1,000,000.00	Taxable Assessed Value of Property After UEZ Deduction
3.00%	Property Tax Cap (Assumes maximum rate for Example)
\$ 450,000.00	Tax Bill With New Investment, Excluding UEZ Deduction
\$ 30,000.00	Tax Bill With New Investment, Including UEZ Deduction
\$ 420,000.00	Example Tax Savings With UEZ Deduction
\$ 205,800.00	UEZ Fee Due Based Upon 49% of Calculated Tax Savings
\$ 214,200.00	Total Tax Savings Value After Deducting UEZ Fee
51.0%	Total Percentage Savings to Taxpayer Per Year

10 Year UEZ Tax Savings Example



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E. Relevant Contacts

River Ridge Urban Enterprise Association	Clark County Auditor
Robin Kirchoff River Ridge Development Authority 6200 E. Highway 62, Ste 600 Jeffersonville, IN 47130 812.725.9971 robin@riverridgecc.com	Danny Yost Clark County Government Building 501 E. Court Avenue, Room #118 Jeffersonville, IN 47130 P 812.285.6211 dyost@co.clark.in.us
Clark County Assessor	
Butch Love Clark County Government Building 501 E. Court Avenue, Room 111 Jeffersonville, IN 47130 812.285.6225 bllove@co.clark.in.us	

F. Indiana Department of Local Government Finance – Form Link

- Form EZ-2 – Enterprise Zone Investment Deduction
 - <https://forms.in.gov/Download.aspx?id=6307>
- Personal Property Tax Form
 - <https://www.in.gov/dlqf/4971.htm>