



Senate Bill 368 Financing of Flood Control Improvements

THE NEED:

The City of Indianapolis faces a need to fund at least three significant local flood control projects using the City's stormwater fund, a source which cannot be sustainably expected to fund major flood control projects in the future.

THE PROBLEM:

Currently, the costs of local flood control projects (such as levees and dams) are covered through the City's stormwater fund, which is meant to finance all types of projects related to stormwater drainage. The same fund that covers flood protection projects also funds all other types of drainage projects, such as the installation or improvement of culverts, detention systems, hybrid ditches, and storm sewers. A backlog of stormwater drainage projects has existed since before the implementation of the stormwater fund in 2016, and many high-priority drainage issues are only now beginning to be addressed across the County. In addition, recent rain events, which have increased in severity, intensity, and frequency over the past several years, continue to expose drainage problem areas that were previously unforeseen.

In this context, it's become clear that funding flood control projects from the same source of revenue as other drainage projects is unsustainable. Over the next five years, \$37 million from the stormwater fund has been earmarked for local flood control projects. That's roughly 25% of the total stormwater funds being budgeted.

Local flood control projects are needed for the neighborhoods of Mars Hill, Rocky Ripple, and 96th & the White River. However, these three projects (and others across Indianapolis), while significant, do not rise to the level of federally financed flood control projects. They will have to be funded locally.

THE SOLUTION:

The best way to describe SB386 is in terms of a tax increment financing district for local flood control projects. The legislation is based on the theory that assessed values will increase in areas where property owners are no longer required to carry flood insurance. A portion of that newly created assessed value would be used by the Department of Public Works to finance the local flood control project within the flood control district.

However, there are several provisions of the bill that go a step beyond the typical TIF process:

SB368 includes an additional requirement for a public meeting that is placed on the Board of Public Works with a requirement that every property owner in the proposed district receives notification of the meeting and proposed flood control project. (Page 3, Line 8-29)

SB368 provides that, if after the public hearing the Board of Public Works elects to move forward with the flood control district, then every property owner in the proposed district will receive notification of the Board's plans for the flood control district and associated project. (Page 3, Lines 30-42)

SB368 provides that the flood control district cannot contain just any property, but only special flood hazard property which benefits from the flood control project. (Page 4, Lines 5-7)

Finally, SB368 provides that revenues captured within the flood control district may only be utilized to fund or maintain flood control works that benefit the district.

The City of Indianapolis will apply its TIF pass-through policy to flood control districts in the same proactive manner it does all other TIF districts within the City.

Total property tax rates for Indiana homeowners are capped at 1% of total assessed value. Property tax bills won't change as a direct result of a flood control district being created; the State and the City aren't raising taxes. The flood district concept is based on growth, similar to the concept behind the Midtown TIF.