



# Memorandum

Office of the Village Manager

**TO:** Honorable President Narsh and Village Council  
Chairperson Burgess and DDA Board of Directors  
Molly LaLone, DDA Executive Director

**FROM:** Darwin D. P. McClary, Village Manager

**DATE:** March 7, 2023

**RE:** **CALCULATION OF PUBLIC IMPROVEMENT CONTRIBUTIONS UNDER VILLAGE/DDA AGREEMENT**

Questions have arisen regarding how the 75% contribution in future DDA tax increment captures are calculated. I have reviewed the resolutions adopted by the village council and DDA board of directors. Below are some examples of how the contributions, beginning in 2023, would be calculated (**please note that taxable values and millage rates are examples only**):

Formula:  $PIC = (CYTV - BYTV) \times CYM \times 0.75$ ; whereby

PIC = Public Improvement Contribution

CYTV = Current Year Taxable Value in the DDA district

BYTV = Base Year (2022) Taxable Value in the DDA district

CYMR = Current Year Millage captured by the DDA

Therefore:

Year #1 (2023) Example with a Current Year Taxable Value of \$46 million, Base Year Taxable Value of \$33 million and a 24.5 mil capture (**INCREASE IN TAXABLE VALUE**):

$$PIC = (\$46,000,000 - \$33,000,000) \times 0.0245 \times 0.75 = \$238,875$$

Year #2 (2024) Example with a Current Year Taxable Value of \$51 million, Base Year Taxable Value of \$33 million and a 24.5 mil capture (**INCREASE IN TAXABLE VALUE**):

$$PIC = (\$51,000,000 - \$33,000,000) \times 0.0245 \times 0.75 = \$330,750$$

Year #3 (2025) Example with a Current Year Taxable Value of \$56 million, Base Year Taxable Value of \$33 million and a 26.0 mil capture (**INCREASE IN TAXABLE VALUE AND INCREASE IN MILLAGE CAPTURE**):

$$\text{PIC} = (\$56,000,000 - \$33,000,000) \times 0.0260 \times 0.75 = \$448,500$$

Year #4 (2026) Example with a Current Year Taxable Value of \$48 million, Base Year Taxable Value of \$33 million, and a 26.0 mil capture (**DECREASE IN TAXABLE VALUE**):

$$\text{PIC} = (\$48,000,000 - \$33,000,000) \times 0.0260 \times 0.75 = \$292,500$$

Year #5 (2027) Example with a Current Taxable Value of \$54 million, Base Year Taxable Value of \$33 million, and a 22.5 mil capture (**INCREASE IN TAXABLE VALUE AND DECREASE IN MILLAGE CAPTURE**):

$$\text{PIC} = (\$54,000,000 - \$33,000,000) \times 0.0225 \times 0.75 = \$354,375$$

Year #6 (2028) Example with a Current Taxable Value of \$46 million, Base Year Taxable Value of \$33 million, and a 20.0 mil capture (**DECREASE IN TAXABLE VALUE AND DECREASE IN MILLAGE CAPTURE**):

$$\text{PIC} = (\$46,000,000 - \$33,000,000) \times 0.0200 \times 0.75 = \$195,000$$

I am happy to answer any questions regarding this matter.