

**TOWN OF NEWPORT
TAX INCREMENT FINANCING (TIF) POLICY**

State of Maine law allows Tax Increment Financing (TIF) to be used as an economic development tool for municipalities to assist in the cost of private economic development and promote economic development. Tax Increment Financing (TIF) is designed to encourage industrial, commercial, or retail development; increase employment opportunities; and broaden the tax base in the Town of Newport.

PURPOSE

The purpose of this Policy is to articulate to existing or potential businesses Newport's desire to encourage and support economic development, which is determined by the Selectboard to be compatible with the Comprehensive Plan and/or existing local ordinances and which provides a community benefit.

Notwithstanding compliance with any or all of the guidelines below, the creation of a TIF District is a policy choice to be evaluated on a case-by-case basis by the Selectboard, and upon the Board's recommendation, placed upon an annual or special town warrant for approval at town meetings. A TIF is not a right under Maine law and meeting the State TIF requirements or the criteria established in this Policy does not create a right or entitlement for any applicant.

AUTHORITY

The authority for creation of Tax Increment Financing Districts is established in 30-A Maine Revised Statutes Annotated, Section 5252-5254. This Policy may be modified at any time by a majority of the Selectboard after the Board has entertained comments and concerns at a properly advertised public hearing to be held prior to, or simultaneously with, the Board meeting at which the proposed amendment will be considered.

APPROVAL AT TOWN MEETING

A TIF application may only be approved at a Town Meeting. Whenever practical, a TIF application shall be considered at the Annual Town Meeting;

however, if the Selectboard determines there is a clear and pressing community need to act immediately, or if the applicant provides evidence that delayed approval will be detrimental to the proposed project, the application may be voted upon at a Special Town Meeting.

BASIC PROVISIONS

- The Town of Newport TIF mechanism shall be utilized as an economic development incentive for attracting desirable new commercial establishments to the area. When determining whether the project should be presented to the public for approval, the Board shall consider the value of the proposed improvements and increased/retained employment or other public benefits in relationship to the size, profitability, and business environment of the applicant.
- The Town of Newport may, with approval from the Maine Department of Economic and Community Development, establish two types of TIF districts. One type allows the Town to install public infrastructure through the issuance of bonds and to retire the bond using the tax increment produced by the investing business's project. Revenue captured in a TIF district may also be used by the municipality to fund uses listed in the approved Development Program. The second type of district may return tax increment directly to the investing business through a Credit Enhancement Agreement (CEA).
- TIF shall be a cooperative effort. Private investors and companies are required to demonstrate a need for tax increment financing and to provide all necessary documentation for the application. The applicant shall be responsible for all costs associated with the TIF application including legal fees and costs incurred by the Town. The Town may require the applicant to sign a Professional Fee Consent Form.
- The project shall create increased assessed value (since March 31st of the preceding tax year) of at least \$500,000.00.

- The Selectboard may consider significant job creation or prior investment as reasons for an exception to the minimum increased assessed value requirement.
- The term of a TIF agreement shall be negotiated between the applicant and the Selectboard. The Town shall seek to limit the duration of tax recapture to applicants in the form of a Credit Enhancement Agreement to not more than ten (10) years.
- For purposes of a Credit Enhancement Agreement, the Town encourages the use of TIF for recapture of real property taxes, and discourages recapture of personal property taxes.
- The Town Manager shall conduct initial review of proposed TIF projects and make recommendations to the Selectboard. If recommended to proceed, the Selectboard, with assistance from the Town's Economic Development consultant shall engage an attorney to complete the Development Program and Credit Enhancement Program. Before recommending a TIF project to residents at a Town Meeting, the Selectboard shall conduct a public hearing.
- A TIF Agreement may provide for an annual administrative fee of up to 2% deducted from the applicant's tax recapture for the duration of the agreement.
- The Town shall seek to limit the tax recapture for an applicant to not exceed 50% of the new real property values (total assessed value less original assessed value) over the duration of the Credit Enhancement Agreement. The Selectboard may, however, structure a CEA to provide benefits that average 50% over the duration of the Agreement and that provide benefits on a declining basis.
- Assignment of a Credit Enhancement Agreement shall be at the sole discretion of the Town and allowed only if the assignee is bound by terms and conditions that meet TIF Approval Criteria.

- The Credit Enhancement Agreement may contain provisions for the Town to cancel CEA benefits to the business if:
 - The business moves to another community
 - There is a change in use of the property
 - There is a significant decrease in the number or jobs
 - Other conditions of the Credit Enhancement Agreement are not met

- The Selectboard may override these guidelines if it determines that a project merits such treatment, and further reserves the right to amend or otherwise change these guidelines.

- Financial capability to complete the project including the following:
 - A letter from a financial institution, governmental agency, or other funding agency indicating a commitment to provide a specified amount of funding and the uses for which those funds may be utilized
 - In cases where funding is required but there can be no commitment of money until approvals are received, a Letter of Intent from the appropriate funding institution indicating the amount of funds and their specified uses will be accepted
 - Evidence indicating availability of funds if the developer will personally finance the development

- Applicant must comply with all statutory and regulatory guidelines of the Town and State

- All proposed projects must be consistent with the Town Comprehensive Plan, if such Plan has been approved prior to the date of application.

APPLICATION CONTENTS

All TIF applications must:

- Provide enough detail to clearly describe the scope of the project, beneficiaries and costs;

- Include a detailed description of any public improvements to be financed using captured funds, and information regarding how the funds will be spent;
- Provide a statement explaining the impact of proposed project upon the general community;
- Present all data required by the State 30-A MRSA, Section 5252-5254; and
- Provide any additional information the Selectboard deems necessary to review and evaluate the application.

APPLICATION PROCEDURES

Applicants are advised that the process of reviewing, evaluating and scheduling a TIF application for public vote may take up to 60 days. Applications will be accepted at any time; however, applications submitted less than 60 days prior to the Town Meeting or at a public hearing held no earlier than 30 days prior to the Town Meeting may require a Special Town Meeting at the Selectboard's discretion. Notwithstanding an applicant's need to present a TIF application when the business is ready to proceed with the proposed project, the Town prefers such applications be voted upon at the Annual Town Meeting, whenever possible.

The Town Manager and Assessor shall be responsible for verifying original assessed values for the TIF Program. The applicant and or its consultant will be given the opportunity to make an oral presentation to the Selectboard and the Town Manager shall advise the Selectboard regarding the major elements of the proposal and the cost and benefits to the community.

The Town will hold a public hearing to solicit public comments and questions regarding the TIF District either immediately prior to Town Meeting or at a public hearing held no earlier than 30 days prior to the Town Meeting. The public hearing shall be advertised in accordance with Town and DECD requirements. The application will be considered by voters at the Annual Town meeting.

APPROVAL CRITERIA

- Does the application meet the “Basic Provisions” outlined above?
- Does the project create or retain long-term permanent employment with wages equal to or higher than the local average?
- Will any new jobs created be advertised and promoted within Newport
- Does the proposal contribute to the general economy of the community?
- Will the improvements have a net positive impact on Newport’s business community after considering all factors, including effects on established businesses?
- Does the project minimize traffic impacts and is it designed in a manner, which does not contribute to commercial sprawl?
- Do any structures to be built blend aesthetically with the surrounding area with regard to style and setting?
- Will new development comply with the Comprehensive Plan as well as State and local ordinances?
- Does the project improve and/or broaden the tax base?
- Does the proposal improve blighted buildings or areas in need of redevelopment?
- Does the proposed District support community projects or create public benefits such as granting access to open spaces, creating student internships, providing job training, supporting local contractors and suppliers?
- Will this project encourage other businesses to invest in their buildings, purchase equipment or create jobs?

March 11, 2014

Attest, a true copy of a policy entitled Town of Newport Tax Increment Financing (TIF) Policy, as certified by the municipal officers of the Town of Newport.

Signature: 
Paula A Scott, Municipal Clerk