

Maximizing Revenue Benefits Through Municipal Tax Increment Financing (“TIF”)

City of Gardiner, Maine

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Legislative Findings

- Provide new employment opportunities
- Improve and broaden the tax base
- Improve the general economy of the state

Program Summary

- Allows municipality to “capture” new property tax value
- Property taxes on new value are “TIF Revenues”
- TIF Revenues can be used to fund a wide variety of authorized project costs

Benefits to Municipality

- Attract new investment (i.e., tax \$\$\$)
 - Examples: City of Lewiston & Town of Lincoln
- Tax Shelter (i.e., the “tax shifts”)
 - Examples: City of South Portland, City of Bangor & Town of Oxford
- Significant infrastructure projects
 - Example: Town of Edgecomb & City of Bangor

Types of Municipal TIFs

(under Subchapter 1 of Chapter 206 of Title 30-A)

- Traditional Municipal TIF
 - Can be located anywhere in municipality
- Downtown Municipal TIF
 - Located in the traditional central business district
 - Must be described in a downtown redevelopment plan
 - Some statutory limits do not apply

Authorized Project Costs:

30-A M.R.S.A. Sec. 5225

- Project costs “inside” the TIF district
- Project costs outside the TIF district, but “directly related to or made necessary by” the TIF district
- Costs of economic development, environmental improvements or employment training within the municipality

Ineligible Project Costs

- Buildings or facilities used for the general conduct of government or for public recreational purposes
 - City halls
 - Jails
 - Recreation centers
 - Athletic centers
 - Swimming Pools

TIF Criteria & Program Limits

- 25% of area blighted; need of rehabilitation, redevelopment or conservation (N/A for downtown TIF)
- Acreage Cap (N/A for downtown TIF)
- Value Cap (N/A for downtown TIF)
- Municipal indebtedness ceiling (N/A for downtown TIF)
- Term limits

Procedure for Creating a TIF District

- Public notice
- Public hearing
- Vote by legislative body
 - Designation of TIF District
 - Development Program for the District
 - Downtown TIF must also include downtown redevelopment plan
- Approval by Commissioner of DECD

Funding Project Costs

- Credit enhancement agreements
- Municipal bonds
- Setting aside TIF revenues

TIF Accounts & Accounting

- Development program fund
- Project cost account
- Development sinking fund account

Tax Shelter Benefits

- TIFs shelter new value from a town's "State Valuation."
- A town's State Valuation effects 4 important areas of municipal finance:
 1. State Education Subsidy,
 2. County Taxes,
 3. State Revenue Sharing Subsidy, and
 4. Local Education Allocation.

Gardiner's TIF History

- TIF Policy created in 1999 by Council
 - Amended 2003
- Downtown TIF (2003)
- Libby Hill TIF's
 - Harper's (2000)
 - Pine State (2004)
 - EJ Prescott (2005)
- Associated Grocers TIF (2006)

Benefit to Gardiner-Downtown TIF

- State contribution for downtown development
\$180,400

Thank you.

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