



## Tax Increment Financing (TIF) Credit Enhancement Application

**Background:** Tax Increment Financing (TIF) is one of the few techniques authorized under state law for municipalities to promote and encourage economic development projects. The City of Gardiner may refund a portion of future tax revenues to a developer that meets the criteria outlined in this application and in the policy adopted by the City. City Council may, at its sole discretion, enter into a “Credit Enhancement Agreement” (CEA) to encourage certain developments that meet the goals outlined in its TIF policy and Comprehensive Plan, provided the project is within an existing TIF district. The specific terms of each CEA agreement will be negotiated between the City and the applicant. Gardiner has established TIF districts where it seeks to promote economic growth. This application is for consideration of projects seeking a CEA in existing TIF districts. Additional information is required for the creation of new TIF districts, a process which is significantly longer, and requires state approval.

A theoretical example of how credit enhancement agreements work is outlined below. Actual agreements depend on the size and impact of the development based on the City’s economic development goals.

Tax Rate = \$21.60 per \$1,000  
Original Assessed Value of Property (OAV) = \$100,000  
New Value Attributed to Development = \$1,000,000  
CEA amount and duration = 25% over 5 years

Annual tax post-development: (Net Value(OAV + New Value X Mil Rate) \$23,760  
New (Incremental) Tax Revenue subject to CEA: \$1,000,000  
\*Annual rebate paid back to developer: \$5,400 (25% of increment tax reimbursement)  
Total return over life of CEA: \$27,000

\*Note that CEA payments take the form of a rebate, which is paid back to the developer AFTER taxes have been paid.

This application must be accompanied by a non-refundable application fee of \$500. If a credit enhancement agreement is approved, an annual administrative fee equal to 1% of the incremental tax reallocated back to the project will be assessed. All applicants are required to reimburse the City of Gardiner for all legal and consulting costs incurred as a result of a new TIF district proposal. Whether or not an application is approved, the applicant will reimburse any additional expenses incurred by the City of Gardiner in connection with a CEA proposal.

**Name of Applicant:**

**Date:**

**Name of Business:**

**Description of Business: (to include job creation projections, economic impacts benefiting the City, Etc)**

**Location of site (Tax Map/Lot):**

Estimated project investment:

Duration and terms of TIF Credit Enhancement Agreement Requested (Please consider that the assessment increment may not be equal to the project investment):

In all instances, applicants for CEA must demonstrate that the City of Gardiner's participation is economically necessary and that participation is needed to undertake the project. Please respond with justification for all that apply. You may provide additional sheets as needed.

1. A need to offset infrastructure costs unique to the site; **or** a need to offset economic advantages available to a corporate entity if it should develop a project (or expand operations) outside of Gardiner; **or** a lack of sufficient private or other public funding sources to meet the full capital investment needs to undertake a project.

2. In order to enter into an agreement, the City must find that the developer is financially capable to undertake the project and operate throughout the life of the agreement. Provide justification showing financial ability and history of business success or a suitable business plan showing financial projections and balance sheet.

3. Are you currently, and will the project be in compliance with all statutory and regulatory guidelines of the City of Gardiner and the State of Maine? If no, please explain.

4. Although an applicant need not meet each of the following criteria, the following will be used to determine the level of participation by the City of Gardiner. Please provide justification for amount and duration of requested CEA. The criteria are:

- The project assists an established business in the City of Gardiner, thus retaining existing employment opportunities
- The project creates long-term, permanent and quality employment opportunities
- The project contributes to the revitalization of the Downtown Shopping District or other areas in need of redevelopment
- The project improves a blighted building site in need of rehabilitation
- The project creates public infrastructure facilities that have application beyond the particular development such as improvements to traffic patterns, parking facilities, green space, etc.
- The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers
- The project supports or will support local efforts and programs that assist those who are under-employed or who are making the transition from welfare to work, etc.

I have read this entire application and accept the terms outlined herein. I certify that all information contained in this application is true to the best of my knowledge.

Signed \_\_\_\_\_

Date \_\_\_\_\_

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Internal Office Use

Location is in which existing TIF district:  Libby Hill Business Park  Downtown District

Fee paid?:

(OAV):