

# TAX INCREMENT FINANCING GUIDELINES

## I. INTRODUCTION

Tax Increment Financing (TIF) is one of the few techniques authorized under state law to promote economic development projects by cities and towns. In the City of Gardiner, applications for tax increment financing will be considered for all areas zoned for commercial development in an effort to build community and economic growth through public-private partnerships with both existing and new businesses.

Special consideration will be given to projects proposed in the Downtown Shopping District, the Libby Hill Business Park, and the Associated Grocers Business Park. Projects proposed in those areas of the City receive special consideration in light of long-standing goals to revitalize and redevelop the Downtown Shopping District; to develop the Libby Hill Business Park; and to grow and expand the local economy.

Economic development projects are eligible for consideration when they meet the following standards:

- Would not occur otherwise;
- Create or retain employment opportunities;
- Expand significantly the City's tax base; and
- Conform to the quality and types of development sought by the City as outlined in the Zoning Ordinance, Comprehensive Plan, and other policies enacted by the City Council.

The purpose of these guidelines is to outline standards that the City of Gardiner will use in considering applications for tax increment financing. Notwithstanding these guidelines, the creation of a TIF agreement is a policy decision made on a case-by-case basis by the Gardiner City Council and the Maine Department of Economic & Community Development. Tax Increment Financing is not a right under Maine law and meeting these guidelines should not be interpreted as creating any rights or entitlements in any application.

## II. BASIC PROVISIONS

Application for Tax Increment Financing will be considered by the City of Gardiner's Department of Economic & Community Development, the City of Gardiner's Economic Development Committee, and the Gardiner City Council. The terms of each TIF agreement are negotiated between the City and the applicant.

The specific terms of each TIF agreement will be negotiated between the City and the applicant. The City of Gardiner's Department of Economic & Community Development will negotiate for the City based on the merits of the project and these guidelines.

In order to minimize risks to local taxpayers, TIF Districts generally are approved only through credit enhancement agreements. The credit enhancement funds returned to the developers will

be negotiated on a case by case basis. The City Council shall retain discretion to enter into credit enhancement agreements up to 100% of the incremental taxes over the life of a particular tax increment financing district. The applicant is required to submit all documentation that will serve to protect the City's economic and financial position.

In order to take full advantage of the local benefits a Tax Increment Financing District can provide, the City can capture all (100%) of the incremental value created by all development projects in the Libby Hill Business Park, The Downtown District, and other areas the City Council deems necessary.

### **III. MANDATORY GUIDELINES**

In all instances, applicants for tax increment financing must demonstrate that the City of Gardiner's participation is economically necessary and that participation is needed to undertake the project. Such justification is demonstrated by:

- 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 investments needed to undertake a project.
- The project creates significant new tax value throughout the City's planned development, commercial, and industrial zones, including projects located in the Downtown Shopping District, the Associated Grocers Business Park, the area surrounding the Libby Hill Business Park, and other areas the City Council deems necessary.
- The developer is financially capable to undertake the project.
- The developer is compliant with all statutory and regulatory guidelines of the City of Gardiner and the State of Maine.

### **IV. GUIDELINES THAT DETERMINE THE LEVEL OF MUNICIPAL PARTICIPATION**

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:

- 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; and
- 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.

## **V. STANDARD OPERATING PROCEDURES**

The City of Gardiner's Department of Economic & Community Development will coordinate all activities regarding applications for tax increment financing. Working with applicants, the Department will undertake the following preliminary steps:

- Provide information on tax increment financing;
- Discuss project proposals and accept preliminary applications;
- Review preliminary applications based on policy guidelines with the City Manager, Tax Assessor, City Solicitor, Code Enforcement Officer, Director of Economic Development, and Director of Public Works; Director of Public Safety; and
- Advise applicants on the findings of city staff.

Following this preliminary review process, the Director of Economic & Community Development will bring completed applications to the City's Economic Development Committee for review and recommendation.

The Department of Economic & Community Development will provide information and assistance to the Economic Development Committee as it reviews applications and makes its recommendations to the Gardiner City Council.

In addition, based on the City Council's direction and approval, the Department will prepare and submit applications for tax increment financing to the State of Maine. And the Department will monitor ongoing public and private investments in the particular development project.

Preliminary applications for tax increment financing will be provided by the Department of Economic & Community Development, City of Gardiner, 6 Church Street, Gardiner, Maine 04345.

All applicants must pay a \$500 non-refundable application fee at the time of submission. If a tax increment financing 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 the TIF proposal.

Finally, whether or not an application is approved, the applicant will reimburse any additional expenses incurred by the City of Gardiner in connection with a TIF proposal.

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