

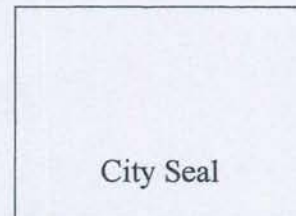
# CITY OF PRESQUE ISLE

## *Tax Increment Financing District Policy*



Approved by the City Council: December 18, 2006

Attest: *Nancy A. Nichols*



City Seal

**City of Presque Isle, Maine**  
**TAX INCREMENT FINANCING DISTRICT POLICY**

**INTRODUCTION:**

State of Maine law allows Tax Increment Financing (TIF) to be employed as an economic development tool for municipalities to assist in the cost of private economic development and promote economic development. Municipalities may redirect a portion or all of any new property taxes from a qualifying project in a designated TIF district to assist in that project's financing.

The City of Presque Isle will consider tax increment financing proposals for all areas zoned for business/commercial development and consistent with the City's adopted Comprehensive Plan and other community development documents and plans.

Municipalities have several options under the law for disbursement of the tax increment:

1. Taxes paid by the investing business may be returned to the business by the municipality under a formal agreement for the purpose of offsetting project costs;
2. Taxes paid by the investing business in a designated TIF district may be used by the municipality to retire bonds issued as part of the project;
3. Taxes paid by the investing business in a designated TIF district may be retained by the municipality for use in allowable economic development activities; or
4. Any pre-approved combination of the options above.

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

1. They would not occur otherwise;
2. They create or retain employment opportunities within the City;
3. They significantly expand the City's tax base;
4. They conform to the quality and types of development sought by the City of Presque Isle, as described in the Land Use & Development Code, comprehensive plan, and/or other policies formulated and accepted by the City Council.

The following are guidelines and standard operating procedures, a majority of which must be appropriately addressed by an applicant, to be employed by the City of Presque Isle when considering requests to pursue tax increment financing. Notwithstanding compliance with any or all of the guidelines or procedures, the creation and approval of a TIF district is a formal process undertaken between the City of Presque Isle and the Maine Department of Economic & Community Development on a case-by-case basis; a TIF is not a right under Maine law and compliance with guidelines and procedures does not create any rights or entitlements in any application



## **BASIC PROVISIONS:**

1. The City of Presque Isle is empowered under Maine law to create two types of TIF districts, each requiring the concurrence of the Maine Department of Economic and Community Development. One type of district allows the City of Presque Isle to install public infrastructure through the issuance of bonds. The bonds are retired using the tax increment produced by the investing business's project that will be utilizing the public infrastructure. The second type of district returns all or a portion of the tax increment directly to the investing business through a so-called "Credit Enhancement Agreement (CEA)"
2. Tax increment financing agreement of ten (10) years or less are highly preferred by the City when structured as a CEA. Projects involving bonds for public infrastructure may be considered for the maximum time allowed by law (20 years).
3. The Credit Enhancement Agreement will provide for the recapture of the benefits if the project should move to another municipality. Assignments, at the sole discretion of the City, will be allowed only for conventional commercial financing purposes or where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant.
4. The applicant must provide any and all documentation deemed necessary by the City of Presque Isle and the Maine Department of Economic and Community Development to substantiate the TIF requirements and to protect the City's economic and financial position.
5. Invoices, cancelled checks, lien waivers and other documentation supporting cost reimbursement proportional to the captured value must be substantiated with documentation from non-affiliated companies.
6. The City of Presque Isle will not entertain requests from retail enterprises for Credit Enhancement Agreements as a means of tax increment financing for on-site activities within a TIF district; the City may, at its sole discretion, consider requests from retail enterprises for Credit Enhancement Agreements to assist in the financing of necessary off-site public infrastructure improvements, installed by the investing business and for which detailed financial documentation is provided.
7. The City will not return to any investing business under any Credit Enhancement Agreement more than seventy-five (75) percent in any one (1) given year.
8. The City of Presque Isle will consider only increases to the value of real estate (land and buildings) in determining the tax increment.
9. All applicants will sign a Professional Fee Consent Form agreeing to directly pay or reimburse the City for all outside professional costs, such as application preparation by a consultant, legal, accounting, and advertising, incurred as a result of the TAX Increment Financing proposal, whether or not Tax Increment Financing is approved. Applicants also will agree to reimburse all out-of-pocket expenses incurred by the City of Presque Isle, such as photocopying, postage, travel, etc., again whether or not Tax Increment Financing is approved.



## **MANDATORY GUIDELINES**

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

1. A need to offset infrastructure costs unique to the site; or
2. A need to offset economic advantages available to the corporate entity if it should build or expand operations outside of Presque Isle; or
3. A lack of sufficient private or other public funding sources to meet the full capital investments needed to undertake the project;
4. The project creating significant new investment equal to or greater than \$2 million dollars and creating and/or retaining jobs within the community;
5. The developer(s) demonstrating financial capability to undertake the project;
6. The developer(s) complying with all statutory and regulatory guideline of the City of Presque Isle and the State of Maine.

## **GUIDELINES THAT DETERMINE LEVEL OF MUNICIPAL PARTICIPTION**

Although an applicant need not meet each of the following criteria, the following will be used to determine the level of participation, if any, by the City of Presque Isle:

1. The project assists an established business in the City of Presque Isle, thus retaining existing employment;
2. The project creates long-term, permanent, and quality employment opportunities;
3. The project improves a blighted area in need of redevelopment or an area identified as a priority by the City of Presque Isle ;
4. The project creates public infrastructure facilities which have application beyond the particular development or TIF district, such as improvements to public utilities, telecommunications, traffic movement and safety, parking facilities, green space, etc.;
5. The project helps stimulate other business(es) within the City or offers presently unavailable economic benefits;
6. The project does not require direct borrowing by the City, and tax increment revenues are not obligated or pledged as collateral for third-party project financing but simply are reimbursed to the project;
7. The developer has a responsible history with personal/corporate property tax payment and pledges to continue that responsibility
8. Projects seeking Credit Enhancement Agreements conform to the business categories established for the State of Maine's Pine Tree Business Zone program, i.e., manufacturing businesses, financial services business, and the targeted technology business (composite materials, biotechnology, aquaculture and marine technology, environmental technology, information technology, advanced technologies for forestry and agriculture, and precision manufacturing technology;



9. Projects seeking public infrastructure improvements will be evaluated on a case-by-case basis.
10. The project contributes to the revitalizations of the downtown district, commercial, business and industrial zones and/or designated growth areas and Pine Tree Zone District.

### **STANDARD OPERATING PROCEDURES**

The City of Presque Isle or its agent will coordinate all activities regarding applications for tax increment financing. Working with applicants, the City or its agent will undertake the following preliminary steps:

1. Provide information on tax increment financing;
2. Discuss project proposals and accept preliminary applications;
3. Review preliminary application based upon policy guidelines with all appropriate municipal and quasi-municipal departments, including legal counsel;
4. Advise applicants on the findings of the municipal and legal review;
5. City Staff, the City's agent, and the City Solicitor will make written recommendations to the City Council;
6. Based upon the City Council's direction and approval, the City or its agent will prepare and submit applications for tax increment finance district designation and project approval to the Maine Department of Economic and Community Development;
7. The City or its agent will monitor on-going public and private investments in the particular development project;
8. The City Council of the City of Presque Isle will determine from time-to-time the location(s) where preliminary applications for tax increment financing may be obtained.
9. Any out-of-pocket expenses, incurred by the City, in connection with the Tax Increment Financing proposal will be reimbursed by the applicant, whether or not the T.I.F. is approved.