TAX INCREMENT FINANCING POLICY
GUIDELINES AND APPLICATION
TOWN OF GRAY MAINE

Approved July 3, 2012

I. PURPOSE

The purpose of this policy is to outline standards and processes that the Town of Gray (the "Town") will use in initiating or considering applications for Tax Increment Financing (TIF). Notwithstanding this policy, the creation of a TIF agreement is a decision made on a case-by-case basis by Town meeting and the Town Council. Obtaining a TIF is a not a right under Maine law, and meeting these policies should not be interpreted as creating any rights or entitlements in any application. TIF is predominantly a "real estate based" tax incentive program (State of Maine, DECD Municipal Tax Increment Financing publication dated January 20, 2011), although it may also be applied to certain personal property otherwise subject to municipal property taxation.

II. PROCESS FLOW

TIF Applications (whether initiated by the Town or requested by a developer or business) will be considered by the Town Manager, Economic Development Director and the Town Council with all final approvals by Town Meeting and the Maine Department of Economic Development (DECD). The Economic Development Director will coordinate all activities regarding applications and will assist the developer throughout the TIF process. The terms and specific details of each TIF agreement will be developed on a case by case basis. The Town Manager and the Manager's designated representatives will negotiate for the Town based on the merits of the project and this policy, following the process laid out in this document.

III. AGREEMENTS

TIF agreements allow a municipality to participate in financing local projects by using some or all of the new property taxes generated by a capital investment within a designated geographic district. The Town has the right to retain TIF proceeds for public infrastructure improvements or TIF eligible expenses, as provided for by State law. The Town has the option of using the "incremental" taxes to retire bonds it has issued for the project, to fund eligible municipal economic development activities, or to reimburse a developer or business for development project costs (via a so-called Credit Enhancement Agreement).

IV. DISTRICTS

TIF districts may be designated for up to 30 years, and bonds may be issued for up to 20 years. The designation of a TIF district requires proper notice, a local public hearing, a majority vote of the Town Council, Town Meeting approval, and State DECD approval.

A. Eligible Expenses. Eligible TIF expenses include design, permitting and construction of necessary infrastructure to support the proposed project. Other eligible expenses are defined by the State of Maine in its TIF Publication and Statutes (which are subject to periodic amendments). The Town Council will only consider proposals that further economic development goals endorsed by the community.

B. Documentation. The applicant is required to provide all documentation associated with the application. This documentation provides the basis for reviewing the project's implementation for compliance with final approvals.

C. Geographic Boundaries. The Town reserves the right, during the application process, to establish the geographic size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure improvements deemed necessary by the community in accordance with State statutes.

D. Personal Property. Personal property shall not be included in the calculations for the TIF.

E. Excess Funds. TIF agreements that include a Credit Enhancement Agreement (CEA) shall include a provision that directs any excess funds after the CEA is satisfied to be directed to economic development uses.

THE FOLLOWING FOUR ITEMS APPLY TO TIFs THAT INCLUDE CREDIT ENHANCEMENT AGREEMENTS ONLY

A Credit Enhancement Agreement (CEA) will be created if the TIF funds are to be used, in whole or in part, to reimburse a developer or business for development project costs. The CEA is essentially or contract between the municipality and developer or business. It is a mechanism to assist the development project by using all, or a percentage of, the incremental tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the developer or business.

A. Amount of Funds. The TIF funds reimbursed/returned to the developer (via a CEA) will not exceed, over time, the amount of funds agreed to in the TIF document. The applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the TIF agreement.

B. Terms. Terms shall be negotiated between the Town and the applicant on a case-by- case basis and will be consistent with State statute. Agreements can extend between 1 and 30 years and, depending upon the merits of the project, 20% to 100% of the incremental value can be captured. These terms shall, at a minimum, be consistent with State statute.

C. Suspension and Recapture of Benefits. Credit Enhancement Agreements may contain provisions for the suspension, termination, and/or recapture of benefits to the applicant. These actions may occur when the applicant does not meet the compliance standards outlined in this document. This will also include any statements or representations made by the applicant, which have a bearing on the Town Council's and/or the Town meeting's decision to participate in a TIF and at what level. The agreements may also provide for the termination and/or recapture of benefits from the applicant if the applicant relocates all or a substantial portion of the TIF project operation outside the project area, during the term of the agreement, or fails to meet new employment projections.

D. Level of Funding Adjustments. During the application process and during the life of the TIF (and CEA), the applicant shall demonstrate the funds are being used at appropriate levels for the purpose intended. If the level of funds the applicant receives exceeds the projected need, the Town may adjust the amount to the applicant.

MUNICIPAL GOALS

The Town will use various criteria to determine participation, including those listed below:

A. Creates new jobs

B. Assists existing business to retain jobs

C. Creates significant long-term employment

D. Improves the local economy

E. Broadens the tax base

F. Improves blighted areas

G. Creates or expands public infrastructure beyond project

H. Supports community projects

I. Creates public benefits for other workers and/or businesses

QUALIFICATION REQUIREMENTS FOR PARTICIPATION IN A CREDIT ENHANCEMENT AGREEMENT

Applicants for a CEA should demonstrate that the Town's participation is economically necessary in order for the developer to undertake the project. Such justification is demonstrated by:

A. The cost of public infrastructure improvements unique to the project or site.

B. The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to:

   1. Development budget and pro-forma
   2. Financial commitments of project lenders
   3. A project implementation plan and schedule.

C. (All such information shall be kept confidential to the extent permitted by law. The Town Council, Town staff and Council designee(s) will sign a non-disclosure agreement, if deemed necessary and to the extent permitted by law.)

D. The project creates incremental tax value equal to or greater than $1 million, excluding personal property

E. The developer is compliant with all statutory and regulatory guidelines of the Town of Gray and the State of Maine.

WAIVER OF PROVISIONS

The Town Council reserves the right under certain conditions to waive the provisions of this policy. The decision to do so shall be made by applying the intent of the following guidelines to insure that the project remains within the general parameters of Gray's economic and community development vision(s). Criteria to be considered when granting the waiver are:

A. Consistency with the Gray Comprehensive Plan

B. Consistency with the Town's economic and community development vision(s)

C. Consistency with other local, State and federal rules

D. Evidence of need, and

E. Capacity to carry out the project.

TRANSFER OF OWNERSHIP

If the applicant transfers ownership of property in the TIF district, the applicant must notify the Town Manager, in writing prior to finalizing the transfer. The new owner must agree, in writing, to accept the provisions of the agreement as presented to and approved by the Town Council and Town meeting, before the Town Treasurer will release any further TIF reimbursements.

TOWN OF GRAY
24 Main Street
Gray, Maine 04039
TEL: (207) 657-3112
FAX (207) 657-2149
www.graymaine.org

Tax Increment Financing (TIF) Application

Please submit the following information to the Town of Gray Economic Development Director. Only completed applications will be considered. If you need additional space, attach extra sheets. All applications must meet Maine Department of Economic and Community Development (DECD) requirements. If an applicant needs assistance preparing the TIF application, it can be provided by the Town through the Administrative and Professional Services Agreement.

Contact Person:	
Phone:	
Email:	
Legal Business Name:	
Business Address:	
Form of business/ownership (sole proprietor, partnership, corporation, etc.):	
Description of business:	
Number of years in business:	
Location of home office:	
Current Total Annual Payroll: $	
Current property valuation of the proposed district (include personal property): $	
Map & lot number (s):	
Total acreage of proposed district:	
Description of current use of property within proposed district:	
Does the proposed use require permits by the town, a state agency and/or a federal agency?	
If yes, please specify name and status of	

required permits.	
Why is TIF needed:	
Description of project for which tax increment financing is requested (include tax or other map with location designated):	
Describe proposed improvements including public facilities directly linked to the development site (water, wastewater, storm drains, electrical, telecom, and new roads):	
Anticipated new taxable value in proposed district, provided on a year-by-year basis for each year of TIF:	ATTACH SPREADSHEET W/ ASSUMPTIONS INDICATED
Anticipated new taxes in proposed district, provided on a year-by-year basis for each tax year of the proposed TIF:	ATTACH SPREADSHEET W/ ASSUMPTIONS INDICATED
Describe how TIF proceeds will be used:	
Additional local, state, and/or federal assistance anticipated:	
Employment Goals	ATTACH EMPLOYMENT GOALS FORM
State what percentage (min. 25%) of the real property within the proposed district meets the following state statute criteria: (*the same area may satisfy more than one criterion*) Must be: A. In a blighted area; or B. In need of rehabilitation, redevelopment or conservation work; or C. Be suitable for commercial uses.	ATTACH DECD STATUTORY REQUIREMENTS & THRESHOLDS FORM
State the estimated tax shifts and corresponding savings to the Town in terms of county tax, state aid to education, and state revenue sharing:	ATTACH SPREADSHEET W/ ASSUMPTIONS INDICATED
State any outstanding taxes, fees or liens:	
State any past or pending lawsuits:	
State any bankruptcy or insolvency proceedings (as Debtor):	
State current and anticipated marketing and feasibility studies for the project:	SUBMIT COPY WITH THE APPLICATION AND/OR ANTICIPATED DATE FOR COMPLETION
Please provide documentation of financial capability to undertake the project by one or more of the following: A. A letter from a financial institution, government agency, or other funding agency indicating a commitment to provide	IF NOT AVAILABLE AT THE TIME OF THE APPLICATION, SPECIFY DATE LETTER(S) WILL BE SUBMITTED TO THE TOWN

a specified amount of funds and the uses for which funds may be used; or B. In cases where funding is required but there can be no commitment of money until approvals are received, a letter of "Intent to Fund" from the appropriate funding institution indicating the amount of funds and their specified uses; or C. The most recent corporate/business annual report indicating availability of sufficient funds to finance the development together with explanatory material interpreting the report; or D. Evidence indicating availability and commitment of funds if the developer will personally finance the development.	

Applicant acknowledges that:

A. Successful applicants will be required to prepare and submit a formal application in accordance with the applicable statutes and Maine Department of Economic and Community Development requirements.

B. Town Council and/or Town meeting approval(s) of the formal application are required.

C. All applicants are required to pay a $500 non-refundable application fee to the Town of Gray when submitting an application.

D. All applicants will be required to sign an Administrative and Professional Fee Consent Form, at the time of submission of application, agreeing to reimburse the Town of Gray within ten (10) days of presentation of invoice for all costs (legal, accounting, engineering, TIF review consultant, etc.) incurred as a result of the application, regardless of the application's approval.

E. Additionally, the applicant will reimburse out of pocket expenses incurred by the Town of Gray in relation to this application (e.g., mailings, advertisements, etc.).

_____ BY:_____ DATE: _____ Business

ITS: _____ _____

Title Signature

TOWN OF GRAY
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Gray, Maine 04039
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FAX (207) 657-2149
www.graymaine.org

ADMINISTRATIVE AND PROFESSIONAL FEE AGREEMENT

The execution and delivery of this Agreement to the Town of Gray ("the Town") by the undersigned Applicant for Tax Increment Financing (TIF) are required prior to the Town's acceptance and review of the Applicant's TIF Application. The undersigned Applicant agrees to all the following:

1. At the time of submission of a TIF Application, the undersigned shall pay to the Town, a non-refundable administrative review fee of $500.00.

2. The undersigned shall pay to the Town all fees, disbursements, and other costs that are incurred by the Town relating to the review, drafting and approval process of the Application, TIF Development Program, and Credit Enhancement Agreement; whether or not the Applicant's proposed TIF project is finally approved. Such costs shall include, but not be limited to, the fees and disbursements of professional services provided to the Town, including legal, accounting, engineering, and consulting. The Applicant shall pay all such costs to the Town within ten (10) days of receipt of each invoice for such costs.

3. The undersigned acknowledges that the above costs and services are required by the Town in order to conduct a thorough review of the Applicant's TIF Application, and to ensure that no cost of the TIF Application process or documentation is borne by the taxpayers of the Town.

4. The undersigned further acknowledges and agrees that following approval of the TIF Development Program by the Maine Department of Economic and Community Development, and a TIF Credit Enhancement Agreement is executed by the Town and the undersigned, an annual administrative fee, equal to one (1%) percent of the total incremental taxes applicable to the TIF district will be charged against, and withheld from, the Applicant's share.

5. This Agreement shall be binding upon the Applicant's heirs, successors and/or assigns, and if there be more than one Applicant, the obligations under this agreement shall be binding on each of the Applicants, jointly and severable.

_____, Applicant

Date: _____

By: _____

Its: _____

EMPLOYMENT GOALS

Company Goals for Job Creation and Job Retention

A. Job Creation Goals			
*Occupational Cluster**	*Full-time*	*Part-time*	*Wage Level*
1. Executive, Professional & Technical			$
2. Administrative Support, Clerical, etc.			$
3. Sales & Service			$
4. Agriculture, Forestry & Fishing			$
5. Maintenance, Construction, Production, & Transportation			$
B. Job Retention Goals			
*Occupational Cluster**	*Full-time*	*Part-time*	*Wage Level*
1. Executive, Professional & Technical			$
2. Administrative Support, Clerical, etc.			$
3. Sales & Service			$
4. Agriculture, Forestry & Fishing			$
5. Maintenance, Construction, Production, & Transportation			$
**Please use the Occupational Cluster descriptions on the next page to complete this form.*			

INSTRUCTIONS

A. Job Creation Goals. *Please list the number, type and wage level of jobs created as a result of the economic development incentive. NOTE: For this form, "full-time" employment means 30 hours or more; "part-time" employment means less than 30 hours. "Wage level" means the average annual wage paid for jobs created within an occupational cluster, e.g. either their annual salary, or their hourly wage times their annual hours. Also, "type" means "occupational cluster" which refers to the 12 categories defined below. Please include the number of your employees (both full-time and part-time) working within the category that most closely reflects their job duties.*

B. Job Retention Goals. *Please list the number, type and wage level of jobs retained as a result of the economic development incentive. Part B should be completed using same definitions in Part A.*

OCCUPATIONAL CLUSTERS

1. EXECUTIVE, PROFESSIONAL & TECHNICAL

Executive, administrative and managerial. Workers in executive, administrative and managerial occupations establish policies, make plans, determine staffing requirements, and direct the activities of businesses and other organizations. Workers in management support occupations, such as accountant and auditor or underwriter, provide technical assistance to managers.

Professional specialty. This group includes engineers; architects and surveyors; computer, mathematical, and operations research occupations; life, physical, and social scientists; lawyers and judges; social, recreational, and religious workers; teachers, librarians, and counselors; health diagnosing, assessment, and treating occupations; and communications, visual arts, and performing arts occupations.

Technicians and related support. This group includes health technologists and technicians, engineering and science technicians, computer programmers, tool programmers, aircraft pilots, air traffic controllers, paralegals, broadcast technicians, and library technicians.

2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

Administrative support, including clerical. Workers in this group prepare and record memos, letters and reports; collect accounts; gather and distribute information; operate office machines; and handle other administrative tasks.

3. SALES AND SERVICE

Marketing and sales. Workers in this group sell goods and services, purchase commodities and property for resale, and stimulate consumer interest.

Service. This group includes a wide range of workers in protective, food and beverage preparation, health, personal, private household, and cleaning and building services.

4. AGRICULTURE, FORESTRY AND FISHING

Agriculture, forestry and fishing. Workers in these occupations cultivate plants, breed and raise animals, and catch fish.

5. MAINTENANCE, CONSTRUCTION, PRODUCTION & TRANSPORTATION

Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

Construction trades and extractive. Workers in this group construct, alter, and maintain buildings and other structures or operate drilling and mining equipment.

Production. These workers set up, adjust, operate, and tend machinery and/or use hand tools and hand-held power tools to make goods and assemble products.

Transportation and material moving. Workers in this group operate the equipment used to move people and materials. This group also includes handlers, equipment cleaners, helpers, and laborers who assist skilled workers and perform routine tasks.

STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION		
1. Total Acreage of Municipality		
2. Total Acreage of Proposed Municipal TIF District		
3. Total **Pine Tree Zone** acres contained in the Proposed Municipal TIF District		
4. Total **Downtown** acres contained in the Proposed Municipal TIF District		
5. Total **Transit** acres contained in the Proposed Municipal TIF District		
6. Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4-A5)		
7. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) Divide A6 by A1		
8. Total acreage of all existing and proposed municipal TIF districts in the municipality. Add A2 to sum of all existing TIF district acreage.		
9. Total acreage of an existing or Proposed **Downtown** TIF District in the municipality.		
10. Total acreage of all existing or Proposed **Pine Tree Zone** TIF Districts in the municipality.		
11. Total acreage of all existing or Proposed **Transit** TIF Districts in the municipality.		
12. Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. Subtract A9+A10+A11 from A8.		
13. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%). Divide A12 by A1.		
14. Total Acreage of all real property in the Proposed Municipal TIF District that is:		
(Note: a, b, or c must be at least 25%)	Acres	%
a. Blighted (Divide acres by A2)		
b. In need of rehabilitation/conservation (Divide acres by A2)		
c. Suitable for industrial/commercial site (Divide acres by A2)		
TOTAL		

B. VALUATION LIMITATION	
1. Total Aggregate Value of Municipality (TAV) - *Use most recent April 1st*	
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. *(Use March 31st of tax year proceeding date of municipal designation)*	
3. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality. *Add b2 to sum of all existing TIF district OAVs.*	
4. OAV of an existing or proposed **Downtown** TIF District in the municipality.	
5. OAV of all existing or Proposed **Pine Tree Zone** TIF Districts in the municipality.	
6. OAV of all existing or Proposed **Transit** TIF Districts in the municipality.	
7. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap *Subtract B4+B5+B6 from B3*	
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) *Divide B7 by B1*	