

## **APPENDIX 1**

### **OVERVIEW OF A TAX INCREMENT FINANCING POLICY FOR THE TOWN OF LINCOLN, MAINE**

Tax Increment Financing (TIF) has become a principal economic development tool in Maine. The use of Tax Increment Financing requires that a municipality get involved in complex public policy and business finance issues. This requires that municipal officials understand how TIFs work and what the community's objectives are in considering this approach to economic development. One way to do this is through the adoption of a Municipal Tax Increment Financing Policy.

The purpose for establishing a TIF Policy is twofold. First, it is intended to allow potential applicants for the designation of a TIF District to understand the types of proposals that are likely to be acceptable to the Town. Second, the policy is intended to serve as a guide for municipal officials in negotiating and reviewing TIF proposals.

This overview sets out the topics that should be considered in developing a TIF Policy and assesses various policy options. It looks at the basic concept of Tax Increment Financing, the fiscal implications of TI's, possible uses for the Municipal Tax Increment "sheltered" by a TIF, the policy implications that should be considered in crafting a TIF Development Program and Financing Plan, and the process for reviewing and approving the proposals.

### **THE TAX INCREMENT FINANCING CONCEPT**

When commercial or industrial development occurs within the Town, the Town taxes the real estate and personal property. In the typical situation, these tax revenues flow to the Town's general fund and are used to support the operation of the municipal government and to provide for the education of the Town's students.

Tax Increment Financing offers an alternative to this standard approach. Under Tax Increment Financing, a development district is identified. When this is done, the property taxes from existing taxable property within the district continue to flow to the general fund. New valuation within the district is, however, treated differently. Some or all of the property taxes resulting from this new valuation can be earmarked for specified "Economic Development" activities put into a separate fund. This potentially creates a powerful economic development tool since it allows some or all of the new property taxes generated within the designated

development district to be used within the district or in support of the development within the district.

## **UTILIZATION OF THE MUNICIPAL TAX INCREMENT**

The property taxes generated by new taxable property within a development district are called the Municipal Tax Increment. Some or all of this Municipal Tax Increment can be designated for a wide range of economic development activities including:

1. General economic development promotion activities,
2. Training for employees of businesses located within the development district,
3. The construction or upgrading of public facilities and infrastructure such as roads, water lines, sewers, etc., needed to support development within the district,
4. The construction or improvement of buildings,
5. The acquisition of business equipment,
6. Financing costs,
7. Various technical and administrative costs, and
8. Direct payments to a business or businesses within the district.

The TIF Application includes a Development Program and Financing Plan that spell out how this Municipal Tax Increment will be utilized.

## **FISCAL IMPLICATIONS OF TAX INCREMENT FINANCING ON THE TOWN**

Under traditional or standard development, new business or industrial valuation results in an increase in property tax revenues to the Town since the owner of this property pays property taxes just like all owners of taxable property. However, the increase in valuation resulting from this development typically results in some negative fiscal impacts. The increased valuation results in the Town receiving less general purpose school aid and general revenue sharing from the State and in the Town having to pay a higher level of County taxes. This results in only a portion of the new tax revenue being available to the Town. In addition, an increase in valuation increases the Town's share of local school costs for operating RSU #67.

For example, a new business in Lincoln with a market value for land, buildings, and personal property of \$10,000,000 would pay \$162,810 in property taxes based upon this year's tax rate of \$18.09/\$1,000 of valuation and an assessment ratio of 90%. This increase in valuation would result in RSU #67 losing \$67,125 in State education aid of which Lincoln's share is \$52,022. The Town would also lose \$15,374 in general revenue sharing. In addition, the Town's share of County taxes would increase by \$8,453. And finally, the Town's share of the local costs of operating RSU #67 would increase from 77.04% to 77.50%, or an annual increase of \$14,587. Taken together, the new revenue of \$162,810 from the development would be discounted by \$90,436 to provide useable new revenues of only \$72,374 or 44.5% of the taxes paid by the owner of the development.

New valuation within a TIF District has a different impact. To the extent that the revenues from the new development within a TIF District are earmarked for designated activities, the valuation of the new property is excluded from determining the Town's full value State assessment that is used in determining the Town's school aid, general revenue sharing, County tax, and share of the RSU's local costs. This allows some or all of the new valuation and revenues to be "sheltered" and therefore remain in the community to be used for economic development purposes. In the Lincoln example, designating 100% of the new \$10,000,000 of market valuation and hence revenues as part of a TIF would result in \$90,436 being retained within the community that would otherwise be lost through "tax shifts."

## POLICY CONSIDERATIONS

The use of Tax Increment Financing raises a number of policy issues for the municipality. This section identifies some of these policy issues and looks at possible ways to address them in the Town's TIF Policy.

### 1. Share of Municipal Tax Increment Sheltered in the TIF District

A key issue is the share of new valuation and hence property taxes that are included in the TIF District. State law allows some or all of the Municipal Tax Increment to be "sheltered."

The higher the level of sheltering, the greater the percentage of the property taxes generated by new development within the district that is retained within the community. For example, if the Town chooses to include 100% of the new valuation within the district, then all of the new property taxes stay in the

community since there is no impact on education aid, general revenue sharing, County tax, or RSU support.

The disadvantage of having a high percentage of sheltering is that these funds then flow to the Development Program Fund not to the Town's general fund. This means that the sheltered revenues cannot be used to offset the costs of municipal services, or pay for school costs, or reduce the tax rate.

Therefore, the Town's TIF Policy should balance the community value of the economic development activity with the level of sheltering. If there is a high community benefit then a higher level of sheltering may be appropriate. The following sections look at some of the possible considerations in determining community benefit.

**2. Increased Service Costs**

Some commercial and industrial development may result in increases in the cost of municipal services. For example, a development may increase the need for police protection or require increased traffic control. The TIF arrangements should require that adequate revenues, when discounted for potential tax shifts, go to the general fund to cover any anticipated increase in municipal service costs resulting from the development. To do this, the Town's procedures should require that an applicant prepare an assessment of the project's impact on municipal service costs.

**3. Administrative Costs**

The State standards allow the Town to recover its administrative costs including staff time from the "sheltered" revenues that flow to the Development Program Fund. Since staff and legal costs associated with the creation of a TIF District can be high, the policy should consider requiring that a portion of the sheltered municipal tax increment be set aside for this purpose.

**4. Economic Development Activities**

The state standards also allow the sheltered tax increment revenues to be used to support economic development activities such as creating employment opportunities, promotion, advertising of commercial activities, doing administrative and management support, and similar activities. Some communities have used this as a way for financing ongoing economic development activities. The Policy should consider requiring that a small portion of the tax increment revenue be set aside for this purpose.

**5. Improvements Covered by Grants or Tax Rebate Programs**

A number of outside sources of funding are available to support economic development activities. In addition, the state provides property tax rebates to the owners of certain types of new business property. The TIF Policy should address how these situations will be handled. As a general rule, the policy should not permit payments to private businesses as part of a credit enhancement agreement if the valuation producing that revenue was paid for by a State or Federal grant or if the owner is receiving a property tax rebate from the State on the property.

**6. Advancement of Economic Development Objectives**

Projects that create jobs, retain good paying, year-round permanent jobs, or that diversifies the areas' economy should be given special consideration in the TIF Policy. Since projects that achieve these objectives have a high community value, the TIF Policy should provide for a high level of sheltering and the use of direct payments to businesses in connection with these projects.

**7. Use of Direct Payments to Businesses**

Historically, the use of TIF funds was limited to paying for buildings, infrastructure, equipment, and related costs. A few years ago, the State law was amended to allow TIF funds to be paid directly to a private business. Some or all of the property taxes paid by the business can be returned to them in a form of a direct payment from the TIF project account. This change has created a policy issue for many communities. The TIF Policy should identify when direct payments are appropriate as part of a TIF. It seems reasonable to limit such payments to activities that create jobs, retain high value jobs, or otherwise advance the community's economic development objectives.

**8. Impacts on Other Businesses**

The State standards require that the Town Council consider if the activities that will occur within the TIF District will have an adverse impact on other businesses within the community and to balance the expected benefits with any potential adverse consequences. The TIF Policy should require that applicants submit information addressing this as part of their submission to the Town.

**9. Guarantees**

Some communities have created TIF Districts and then found that the benefitted business has moved shortly thereafter. Therefore, the TIF Policy should address if and when the Town will require assurances that the business will remain in the community for a minimum period of time and provide for the recapture of any direct payments to the business, if the business moves or ceases operation during the term of the TIF.

**PROCEDURES**

The creation of a Tax Increment Financing District and the related Development Program and Financing Plan is a complex undertaking. To assure that the Town creates the best possible arrangement, the Town should establish a clear process for handling TIF requests. Given the resources of the Town, the process for handling TIF requests should incorporate the following concepts:

1. The Town Manager should be the principal point of contact for applicants. If the Manager is not available, this role should be delegated to the Economic Development Assistant who will forward the application to the Tax Increment Finance Committee.
2. The Tax Increment Finance Committee should be the group that negotiates the content of the proposal based upon the Town's TIF Policy and then makes a recommendation to the Town Council as to whether the TIF District should be created.
3. The Town Council must be the ultimate authority in determining if a TIF District is created and in approving the terms of the Development Program and Financing Plan.
4. The procedure should encourage preliminary informal discussions with the Town Manager to review the Town's Policy and Procedures.
5. The process should request that a preliminary submission be made prior to the preparation of the formal TIF Application. This preliminary submission should contain the key details of the TIF arrangement. Tax Increment Finance Committee should review this preliminary submission and work with the applicant to develop a proposal that is best for the Town.
6. The actual TIF Application should be referred to the Tax Increment Finance Committee for a recommendation prior to the Council's Public Hearing.

7. As required by State law, the Town Council must hold a public hearing on the formal TIF Application before taking action on it.

# **TOWN OF LINCOLN, MAINE**

## **TAX INCREMENT FINANCING POLICY**

### **PURPOSE**

This Policy is meant as a guide to utilize Tax Increment Financing for the promotion and expansion of Lincoln's economic tax base. Tax Increment Funds are a resource to fund projects that would not normally be funded through the municipal budget. The result of TIF projects should be for the betterment of all Lincoln residents with increased business opportunities and jobs, thus, making Lincoln a desirable place to live and work. The Town Council has established this Tax Increment Financing (TIF) Policy to guide the Town in the creation of Municipal Tax Increment Financing Districts and the adoption of Development Programs and Financing Plans in connection with those districts. This TIF Policy is intended to establish the basic principles that should shape the specific arrangements of any TIF Proposal. It also establishes procedures for the creation of a TIF District and related Development Program and Financial Plan. At the same time, the Town Council recognizes that this TIF Policy is only a general guide and that variations from these policies and procedures may be necessary in specific situations.

### **GENERAL POLICY**

The policy of the Town of Lincoln will be to create Tax Increment Financing Districts if:

1. The proposed District, Development Program, and Financing Plan are consistent with this TIF Policy, and
2. The TIF Proposal is consistent with the provisions of State law governing the establishment of Municipal Tax Increment Financial Districts, and
3. The TIF Proposal is used principally to progress community improvements prioritized by community leaders identified in the Comprehensive Plan and or the municipal budget, and
4. The creation of the TIF District is necessary to bring about the proposed investments, and
5. At a minimum, Lincoln's anticipated receipts from the proposed project must exceed the net benefit to Lincoln if routine property taxes are levied on the proposed asset. The net benefit is defined as the sum of the property taxes collected from the asset minus the consequences for Maine's revenue sharing and education subsidies.
6. The TIF proposal must be large. The economic value should be at least \$5,000,000 (five million dollars). The threshold is to be adjusted for inflation. The inflation adjustment arithmetic is:  $\$5,000,000 \times (\text{future GDP Deflator value}) / (\text{2014Q4 GDP Deflator value})$ . The future value will be the most up-to-date value when a possible TIF project is proposed. For example, the value reported for

2015Q3 will be used for a proposal made 2 January 2016. The GDP deflators full and proper name is Gross Domestic Product: :Implicit Price Deflator

7. The size parameter is intended to use efficiently the Lincoln government's limited resources. Resources include personnel who will inevitably become involved and the money that will be spent. Towards this end, each proposed project must be well worth the community resources spent on its consideration. And, it is thought a large size will boost the ratio of projects that reach fruition vs. proposed projects relative to the ratio consistent with a smaller size.

## **1. PROCEDURES**

The establishment of a Tax Increment Financing (TIF) District, Development Program, and Financing Plan can involve complex public policy decisions. To assure that the Town considers all of the facets of a TIF Proposal and that an applicant is treated expeditiously and fairly, the Town has adopted an organized approach for reviewing and considering proposals to establish a TIF District. This section sets out a process for reviewing and acting on TIF Proposals. The procedure is intended to be a guide for the Town and applicant. The Town Council may modify this procedure as necessary to assure thorough but timely consideration of TIF Proposals. Any modification to these procedures will be made only by a majority vote of the Town Council following the opportunity for public discussion of the proposed changes.

### **Informal Discussion with the Town Manager**

Private parties contemplating the creation of a TIF District are encouraged to meet with the Town Manager or the Economic Development Assistant if the Town Manager is unavailable. The purpose of this meeting is to:

- allow the Town Manager to obtain an understanding of the possible activities and structure of the TIF, and
- allow the applicant to gain an understanding of the Town's Policy regarding TIF's, and
- assure that the applicant understands the process the Town will use in considering the TIF request and the information that will be required as part of the process.

**This meeting will be informational and no commitments will be made in conjunction with this meeting.Submission and Review of a Formal Application**

A formal application for the designation of a Tax Increment Financing District shall be submitted to the Town Manager or Economic Development Assistant if the Manager is not available. The application will include a Development Program fulfilling the requirements specified in 30A M.R.S.A. §5252(4) and a Financing Plan fulfilling the requirements specified in 30A M.R.S.A. §5252(5). In addition, the application shall include:

1. A description and analysis of the employment anticipated to result from the creation of the TIF District.
2. An analysis of how the proposed Development Program and Financing Plan conform to this TIF Policy.
3. An analysis of the impact of the anticipated development activities on municipal services and an assessment of any increase in municipal service costs resulting from the activity.

Proposals that create a significant financial advantage for businesses within the TIF District vis-a-vis other Lincoln businesses are not appropriate unless the Council determines that any adverse impact alleged by a local business will be outweighed by the contribution made by the district or plan to the economic growth or well-being of the municipality or to the betterment of the health, welfare or safety of the inhabitants of Lincoln.

Move this chart to the section below on sheltering – is in the wrong place

**SAMPLE**

**HYPOTHETICAL DISTRIBUTION OF TIF REVENUES**

**(Based Upon \$10,000,000 of New Market Value)**

Year	Incremental Assessed Valuation*	Incremental Annual Property Tax Revenue**	Share to Development Program Fund	Annual Funds to Program Fund	Share to General Fund	Annual Funds to General Fund
Year 1	\$3,000,000	\$54,270	90%	\$48,843	10%	\$5,427
Years 2-5	\$9,000,000	\$162,810	75%	\$122,108	25%	\$40,702
Years 6-10	\$8,000,000	\$144,720	50%	\$72,360	50%	\$72,360
Years 11-15	\$7,000,000	\$126,630	40%	\$50,652	60%	\$75,978
Total Over Life of TIF	Average of \$7,600,000/	\$2,062,260	56%	\$1,152,335	44%	\$909,925

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*Adopted June 8, 1998; Amended April 13, 2015*

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\*Assumes Assessment Ratio of 90% and Declining Value of Personal Property over Life of TIF

\*\*Assumes a Tax Rate of \$18.09/\$1,000 of Assessed Value over Life of TIF

4.

Upon receipt of a formal application for the designation of a TIF District, the Town Manager/Economic Development Assistant shall:

- Notify the Town Council that the formal application has been received,
- Refer the application to the Tax Increment Finance Committee for its review of the application and recommendation to the Town Council.
- The review of the Committee shall focus on the proposal's conformance with the TIF Policy. (See below guidelines.)
- The recommendation of the Tax Increment Finance Committee shall be provided to the Town Council prior to the scheduled date of the public hearing, and
- The Economic Development Assistant shall place the item on the agenda of the Town Council for public hearing when the Tax Increment Financing Committee has completed its review and advertises the hearing as required by State law.
- The Economic Development Assistant will provide copies of the application to all other applicable Town Committees prior to the Public Hearing at the Town Council meeting.

#### **Guidelines for evaluating TIF proposals**

1. TIF concessions should be structured to MAXIMIZE Lincoln's financial benefits. Thus;
  - a. Concessions should be limited to the minimum sufficient to entice the assets owner to site the asset in Lincoln.
  - b. Concessions should be structured so Lincoln's direct financial outcome, beginning year two is better than the net benefit to Lincoln if routine property taxes are levied on the proposed asset.
2. TIF should be prioritized to benefit and enhance the Town and Community, in the broadest approach allowable with in each TIF agreement, maximizing total Town and Community benefit. Prioritization to benefit Town and Community;

- a. Use of viable technologies that maintain full time employment. Full time wages of jobs added should be the annually determined Low to Moderate Income for the County plus \$10,000.00.
- b. Integrate or enhance existing businesses, resources and labor force where possible.
- c. Differentiate and expand economic base.
- d. Project should deliver most or all of its goods or services to markets BEYOND Lincoln's borders.
- e. Minimize redundancy of services.
- f. Town/Community receives direct benefit in addition to benefits listed in items a and b.
- g. Long-term agreement with long term benefits.

#### Criteria for using funds collected from TIF Assets

- 1. TIF funds should be used principally to progress community improvements prioritized by community leaders. Such projects shall be identified in the Comprehensive Plan and or the Municipal budget.
- 2. In addition, TIF funds can be used to fund necessary/desirable improvements omitted from the above list in the event reality differs significantly from expectations. (This provision is included to allow for "surprises" like the repairs needed to the Big Narrows aka Upper Cold Stream Pond dam.) These improvements must be approved by the Department of Economic and Community Development TIF division before expenditures are approved by the Town Council.

#### Council Action

The Town Council shall approve the creation of a Tax Increment Financing District and the related Development Program and Financing Plan if it finds that:

- 1. The proposal conforms to the requirements of State law, and
- 2. The proposal is consistent with the Town's TIF Policy, and
- 3. The activities resulting from the TIF will not have an adverse impact on existing businesses within the community, or if the activities are alleged to have any adverse impact on an existing business that the impact is outweighed by the contribution made by the district or plan to the

- economic growth or well-being of the municipality or to the betterment of the health, welfare, or safety of the inhabitants of Lincoln, and
4. The creation of the TIF District is necessary to bring about the proposed investments.

## **TAX INCREMENT FINANCING POLICIES**

Applications for the creation of a Tax Increment Financing District and approval of the related Development Program and Financing Plan shall conform to the following policies. The Town Council may waive or modify these policies in approving a TIF Application if it finds that the creation of the TIF District is necessary to foster the sound economic development of the Town of Lincoln. Any modification of these policies shall be made by a majority vote of the Town Council following the opportunity for public discussion of the possible changes.

### **Level of Sheltering of New Valuation**

As a general policy, TIF's should not provide for the sheltering of more than 60% of the incremental valuation and tax revenues over the life of the TIF District. The levels of sheltering can, however, vary from year to year as long as the aggregate share over the life of the TIF is within the limitation. An example of a financing plan with year-to-year variations is charted below. The level of sheltering may exceed 60% in the following situations:

1. The creation of the TIF District will result in the creation of permanent, year-round jobs, or
2. The creation of the TIF District will result in the retention of high quality jobs (that are permanent, year-round jobs that provide a wage of at least \$9/hour, or
3. The creation of the TIF District will result in significant diversification of the local economy or will significantly increase the number of tourists visiting Lincoln, or
4. Some or all sheltered project revenues will be used to pay for municipal infrastructure costs related to the project that the Town would otherwise pay for with the general fund revenues even if the TIF District were not created.

In all cases, however, the annual flow of unsheltered tax revenues to the general fund, when discounted for changes in State education aid, general revenue sharing, County tax, and support of the RSU 67, should be greater than any

anticipated increases in service costs resulting from activities within the TIF District.

**SAMPLE  
HYPOTHETICAL DISTRIBUTION OF TIF REVENUES  
(Based Upon \$10,000,000 of New Market Value)**

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Total Over Life of TIF	Average of \$7,600,000/year	\$2,062,260	56%	\$1,152,335	44%	\$909,925

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\*\*Assumes a Tax Rate of \$18.09/\$1,000 of Assessed Value over Life of TIF

**Types of Activities**

The primary objectives of the Town in creating TIF Districts are to:

1. Create permanent, year-round jobs, or
2. Retain high quality, year-round jobs, or
3. Diversify the economic base of the community, or
4. Expand the attractiveness of the Town as a tourist destination.

All activities that advance these objectives are appropriate for inclusion within a TIF District. Proposals that involve primarily the creation or relocation of retail and local service businesses and jobs will not be considered unless the applicant can clearly demonstrate that the project relates to these objectives.

### **Direct Payments to Businesses**

Direct payments to businesses as part of a TIF Financing Plan should be allowed only if the proposed activities meet one or more of the above objectives.

The Town Council may find that the direct payments are necessary to make the proposed activities financially viable and that the activities will not go forward unless the direct payments are part of the TIF Financing Plan. In no case, however, shall direct payments be made to a private business for improvements that:

- were paid for with a State or Federal grant, or
- are subject to a State Property Tax Rebate Program, or
- were supported with other public funds.

### **Use of Municipal Bonding**

The proposed TIF District should not require the Town to issue Municipal Bonds to pay for all or part of any improvements proposed as part of the TIF District unless the Financing Plan assures that adequate revenues will be available to the Town to meet all of its obligations under such bonds on an annual basis and/or that any shortfall is guaranteed by the beneficiary of the TIF District. In essence, the TIF Program should not require the Town to be in a speculative situation where there is a possibility that there could be a revenue shortfall that would need to be made up from the general fund. If the revenue anticipated is less than needed to finance the cost of the improvements, the private developer should incur the debt and be reimbursed through the TIF.

### **Project Assurances**

The TIF arrangements should include assurances that the private improvements resulting from the creation of the TIF District will remain in place in Lincoln and in use during the life of the TIF District unless such use becomes economically unviable. If direct payments to a business are part of the Financing Plan, the Plan shall provide for the recapture of these payments if the improvements are removed from economic use, abandoned, or moved out of Lincoln. The Town Council shall be the sole party responsible for determining if repayment is necessary based upon a determination that the community has ceased to enjoy the economic benefits for which the TIF was created.

### **General Financial Guidance**

These guidelines are meant to insure consistency in Town Management and proper financial management of Tax Increment Financing revenues.

1. TIF budget and accounts shall be separate from the Town's general budgets as per TIF rules.
2. The Financing Plan for a proposed TIF District shall provide for the repayment of the Town's administrative and legal costs involved with the creation of the TIF out of sheltered tax revenues.
3. No less than 5% of the sheltered tax revenues generated over the life of the TIF district shall be deposited in an Economic Development Fund to be used for promoting economic development in Lincoln and administering the TIF district.
4. Unless otherwise specified in an existing TIF agreement a minimum of 30 percent of the Town's portion of TIF funds shall be allocated to the respective TIF agreement reserve fund(s) unless this item is in conflict with the TIF agreement. This item should be a guide when future TIF agreements are negotiated. The reserve accounts shall be for specific projects exceeding \$100,000.00.
5. Unless otherwise specified in a TIF agreement a maximum of 65% of the Town's portion of the TIF funds shall be allocated in a general TIF account associated with the TIF agreement. These general TIF accounts are for the overall operation of each TIF as per agreement and are managed by the Town Council in a similar manner as the Town general funds. The exception is any single allocation which exceeds \$100,000.00 requires a referendum as per Town Charter. Allocation of funds must comply with each associated TIF agreement.
6. All funds allocated into any Town TIF reserve account shall not be removed or reallocated without a public hearing if less than \$100,000.00 and require a referendum for funds over \$100,000.000 as per Town Charter. Exception would be an emergency such as a natural disaster or loss of critical TIF agreement where a bond or debt is required to be paid

or after a Bond has been approved and funds are required to be reallocated into a Sinking fund account for the designated project.

7. TIF budget line items are to be clearly identified with coding that indicates their source and purpose and follow protocols as example below. Each TIF is uniquely identified and within the budget, R represents reserve accounts, S represents sinking funds, MG represents Matching Grants. Cost items are numerically noted.

First Wind TIF has been assigned 7000 and its associated line items are identified as follows:

Sinking Fund 7000-0100-S  
Reserves 7000-0100-R  
Matching Grant 7000-0100-MG  
Payments 7000-0200, 7000-0300 etc.

Likewise:

Bangor Gas TIF has been assigned 6000  
Lincoln Pulp and Paper TIF has been assigned 8000  
Lakeview Senior Housing TIF has been assigned 9000

8. Any recurring monthly or annual cost associated with any type of debt financing or agreement, which will be paid from a general TIF account or reserve account, where the total accumulated cost exceeds \$250,000.00 over the terms of the financed debt or agreement shall require a referendum even though the monthly or annual cost does not exceed \$100,000.00. This includes long term leases, lease to purchase options or similar type debt agreements for capital improvements or desired expenditures. Once approved the monthly or annual monies shall be deposited into a specific Sinking Fund account.
9. Any TIF agreement that has funds predicated to bond payments or any bond approved by the Town Council or approved by a Town Referendum, presently or in the future, must be allocated on a monthly or annual basis into a designated Sinking fund account. Should the bond not pass referendum after a Sinking fund is established, it is mandatory that funds continue to be deposited into that Sinking fund until a new or redesigned alternative project passes a referendum.

Once the referendum is passed then, and only then, funds shall be reallocated to the new Sinking fund and the old Sinking fund dissolved.

No Sinking fund monies shall be removed or reallocated to any general TIF Fund account. Sinking fund accounts not utilized after the debt is paid shall be utilized with or added to another Sinking Fund account with in the allowable TIF rules.

If the residual account exceeds \$100,000.00 a referendum shall be required to reallocate funds to another TIF Sinking Fund account. Only one project shall be identified with associated monies for each Sinking fund account. All uses of a Sinking fund must comply with the associated TIF agreement.

10. Any TIF project and associated costs utilized as a match for grants must be identified in a manner as outlined above in Section 7. Tracking matched grants is essential to understanding which funds/projects are encumbered by existing Grants. Example; the possible use of a West Broadway Widening Project as matching funds for an infrastructure grant on the River Road.
11. The TIF budget shall specifically identify the amounts accrued and current balance in each TIF reserve and sinking fund accounts.
12. The TIF budget shall identify the percent of total TIF funds allocated to costs which fund allowable Town administrative costs. This value denotes the contribution of all TIF funds to offset Town costs thereby overall reducing the Town property tax.
13. The TIF budget shall clearly identify where TIF agreements and TIF districts overlap and what TIF agreement is associated with each cost. Current numbering system is acceptable and will require expansion as TIF agreements are initiated. (7000, 8000, 9000.....accounts. Each numbered account will only reference one TIF agreement.
14. The TIF budget shall have a short one page summary identifying, in simple terms, the total TIF income to the Town (Town's Portion) by TIF agreement, the totals in TIF reserve accounts, the totals in Sinking fund accounts, percent of TIF income which offsets the Town's administrative

costs for current year projects, a list of projects funded and associated costs from the previous year and the number of remaining years in each TIF agreement.

15. The TIF administrator as appointed annually by the Town Council, shall establish a TIF section in His/her monthly report. Projects funded with allocated costs which transpired during the reporting period and update on potential upcoming projects, must be identified in the monthly report.
16. The TIF administrator shall present reports to the Town Council regarding existing and potential TIF agreement activity, following the Town's protocol and requirements for other departments.
17. All TIF agreements, budgets, reports and amendments shall be posted on the Town's Web site within 60 days of acceptance and or reporting date.