

Town of Fort Fairfield Tax Increment Financing Policy

Vision/Purpose/Introduction

Tax Increment Financing is one of the few techniques authorized under state law to promote economic development in Maine's communities. TIF's should normally be used for projects, which would not otherwise occur. They should be able to demonstrate that good quality jobs are either created and/or retained and that they provide significant increases to the community's tax base. Any TIF agreement will be in keeping with the quality and types of development sought by the Town of Fort Fairfield as articulated in the town's zoning ordinances, comprehensive plan, its economic development investment strategy and other town policies developed by the Town Council.

The potential for TIF agreements to shelter significant valuation requires that the Town should enter into them cautiously. The purpose of this policy is to establish standards that ensure Fort Fairfield citizens will clearly benefit from a TIF District in return for having a portion of that tax base being excluded from their general revenue fund.

Notwithstanding these guidelines, the creation of a TIF District is a policy decision of the Town of Fort Fairfield Town Council, which will be made on a case-by-case basis. The Council may override these established standards by a two-thirds vote if it determines that a project merits such treatment. A TIF is not a right under Maine law and these guidelines do not create a right or entitlement for any application, nor should they be interpreted as such.

Eligibility Requirements

Applicants are encouraged to apply but should recognize that TIF's are normally established for manufacturing, assembly operations, warehousing and distribution, research and development centers and major retail projects. Downtown revitalization projects and new residential development sites will receive consideration in conjunction with identified community priorities and locations as identified in the Town's Economic Development Investment Strategy.

Though no minimum number of jobs are required for TIF eligibility, the fiscal size of any TIF District will be enhanced not only by the number of jobs the project will create/retain but also the quality of those jobs as defined by wage scale and employee benefits.

No minimum investment is required for TIF eligibility, but any project under \$500,000.00 would typically not be eligible for consideration.

The term of a TIF District will be determined on a case by case basis; it should be understood that TIF's normally would not be less than five years and could be up to a maximum of thirty years as outlined in State Statute.

Economic necessity is required for a project to be given due consideration. It should be evident that without the community being involved the project would not occur. That infrastructure costs that are unique to this project clearly need to be offset in order for the project to be successful. That a TIF District would offset economic advantages available to the developer outside of Fort Fairfield. That the TIF agreement would fill a financial gap where no other funding source was available.

Financial capability to undertake a project must be evidenced prior to review through commitment letters, financial documents, evidence of availability of funds, an audited financial statement, and pro forma's prepared for the identified project.

Compliance with all statutory and regulatory guidelines of the town, state and federal government is required.

To the extent possible local contractors will be given the opportunity to participate in the bidding process for construction and other services that may be required with this project.

General Guidelines

Finance Options

Credit Enhancement Agreement – is the preferred vehicle for tax increment financing

Bonds – Should it be determined that additional low cost funds could be acquired by having the infrastructure in the public domain and that this would clearly enhance the quality of the project to the benefit of the community, a bond could be utilized. Extraordinary steps would need to be taken to minimize any financial risk to the taxpayers of Fort Fairfield.

Use of Funds

Company funds will be used to financially enhance a project through the development of taxable infrastructure and/or the creation of quality jobs as defined by wage scale and benefits.

Community funds will be used to support community projects or create public infrastructure as identified in Fort Fairfield's Economic Development Investment Strategy. This plan recognizes that sustainable economic growth is predicated on our ability to develop and enhance our "quality of place" as outlined in the State of Maine's Quality of Place Economic Development Strategy.

Developer Costs and Obligations

Administrative Fees - All applicants shall pay a non-refundable application fee at the time of request in the amount of \$250.00. TIF agreements shall provide an annual administrative fee equal to one percent of the total tax dollars that are sheltered during the life of the agreement.

Extraordinary Expenses - All applicants will be required to sign a consent form agreeing to reimburse the Town for all legal costs and any other out of pocket expenses incurred as a result of the tax increment financing proposal, whether or not the tax increment financing is approved.

Performance Reporting – The TIF agreement shall provide for the applicant to submit reports and documentation in a form satisfactory to the Town and consistent with State Statute, supporting any costs to be reimbursed by the TIF and in order to assess the applicant's performance with regard to compliance standards outlined in the Eligibility Requirements as it relates to jobs, salaries, benefits, property valuation and other regulatory standards.

Suspension and Recapture of Benefits – The TIF agreements shall contain provisions for the suspension, termination and/or recapture of benefits to the applicant if the applicant does not meet compliance standards outlined in the Eligibility Requirements above including, investment, jobs, wages, benefits, and other regulatory standards. The agreements shall also provide for the termination and/or recapture of benefits to the applicant if the applicant relocates all or a substantial portion, to be determined at the time of agreement, of the identified project infrastructure, during the term of the agreement or within five years of its expiration.

Standard Operating Procedures

The Economic Development Director in conjunction with the Town Manager will administer and coordinate all activity regarding tax increment financing proposals.

They are responsible for providing information on tax increment financing, discussing project proposals providing and accepting preliminary applications from the applicants.

They will review the application based on the policy guidelines with appropriate town staff, attorneys, accountants, consultants as deemed necessary and Bond Counsel.

They will prepare and present a project outline for the purpose of delineating the benefits to Fort Fairfield, which will be shared with the community through a public hearing process.

The completed application will be presented to the Town Council and if approved it will then be submitted to the Department of Economic and Community Development for the State's approval.

They will monitor on-going public and private investment during the developmental stage of the project and will provide on-going support through the life of the TIF District to ensure compliance with policy requirements.

Applications can be obtained from:

Director of Economic Development
Town of Fort Fairfield
18 Community Center Drive
Fort Fairfield, Maine 04742
(207) 472-3805