

Tax Increment Financing (TIF)

Durham NH



What is a TIF?

- It's a **financing / investment** tool to provide funding for public improvements that are intended to stimulate positive economic development activity that will not otherwise occur to expand the municipal tax base.
- A TIF district does **not** change zoning requirements
- A TIF district does **not** increase taxes within the District
- A TIF district does **not** create special fees or assessments within the District
- A TIF does **not** change property rights

Types of Improvements

- **New or upgraded streets & sidewalks**
- **Traffic signals**
- **Sewer collection & disposal**
- **Public water supply**
- **Parking**
- **Landscaping & other public improvements**

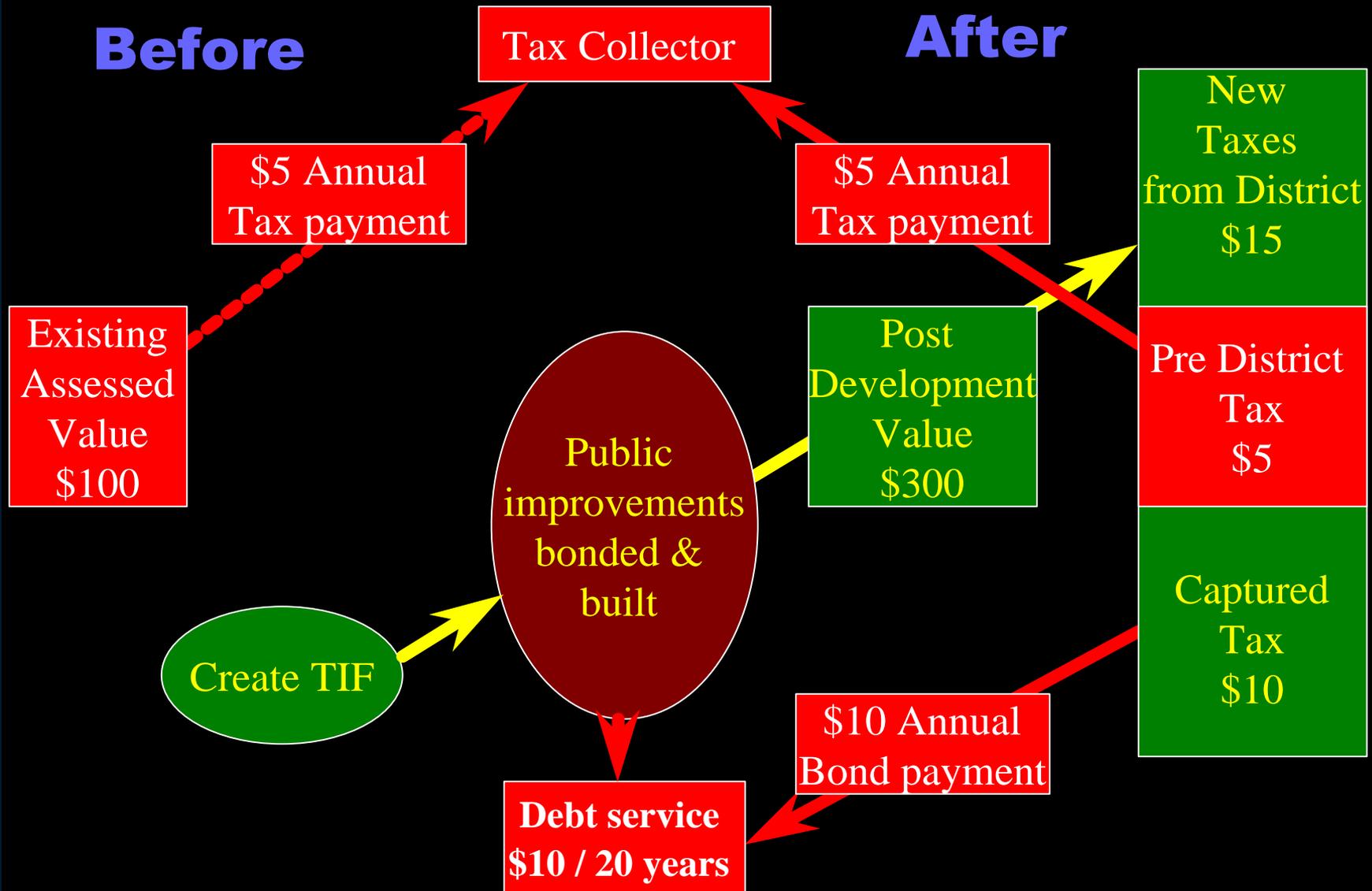
How Does a TIF work?

- **A TIF “District” is established by vote of Town Council (RSA169K) – defined by specific parcels to be included.**
- **On the date of formation the assessor certifies the base value – “original assessed value”**
- **Future increased values due to development are identified each year by the assessor – “captured assessed value”**
- **Up to 100% of the taxes generated by the “captured assessed value” can be used for implementation of the plan.**
- **Any portion of the “captured assessed value” not needed for the district plan is returned to the general fund.**
- **The Town must annually certify “captured assessed value” calculation to the Commissioner of Revenue Administration.**

How Does a TIF work?

- **The tax revenue from the new “captured assessed value” can be used only for plan implementation in the district.**
- **Once the designated plan has been implemented & improvements are paid for, the district ceases to exist and all future tax revenues generated in the district go to the general revenues of the Town.**

How Does It Work?



Results

- **Public improvements are made with no increased tax burden to existing property.**
- **Desirable economic development is stimulated.**
- **Tax base is expand.**

How is a TIF set up?

- **Town Council must adopt RSA 162-K allowing for the creation of TIF Districts**
- **Town Council Designates a “district” and describes Boundaries and relationship to Master Plan, Zoning, and/or other regulations ***
- **Town Council Adopts a detailed “development program” (RSA 162-K:6) that specifies the improvements***
- **Town Council Adopts “tax increment financing plan” (RSA 162-K:9&10) that specifies financing structure.***

*** After Public Hearing**

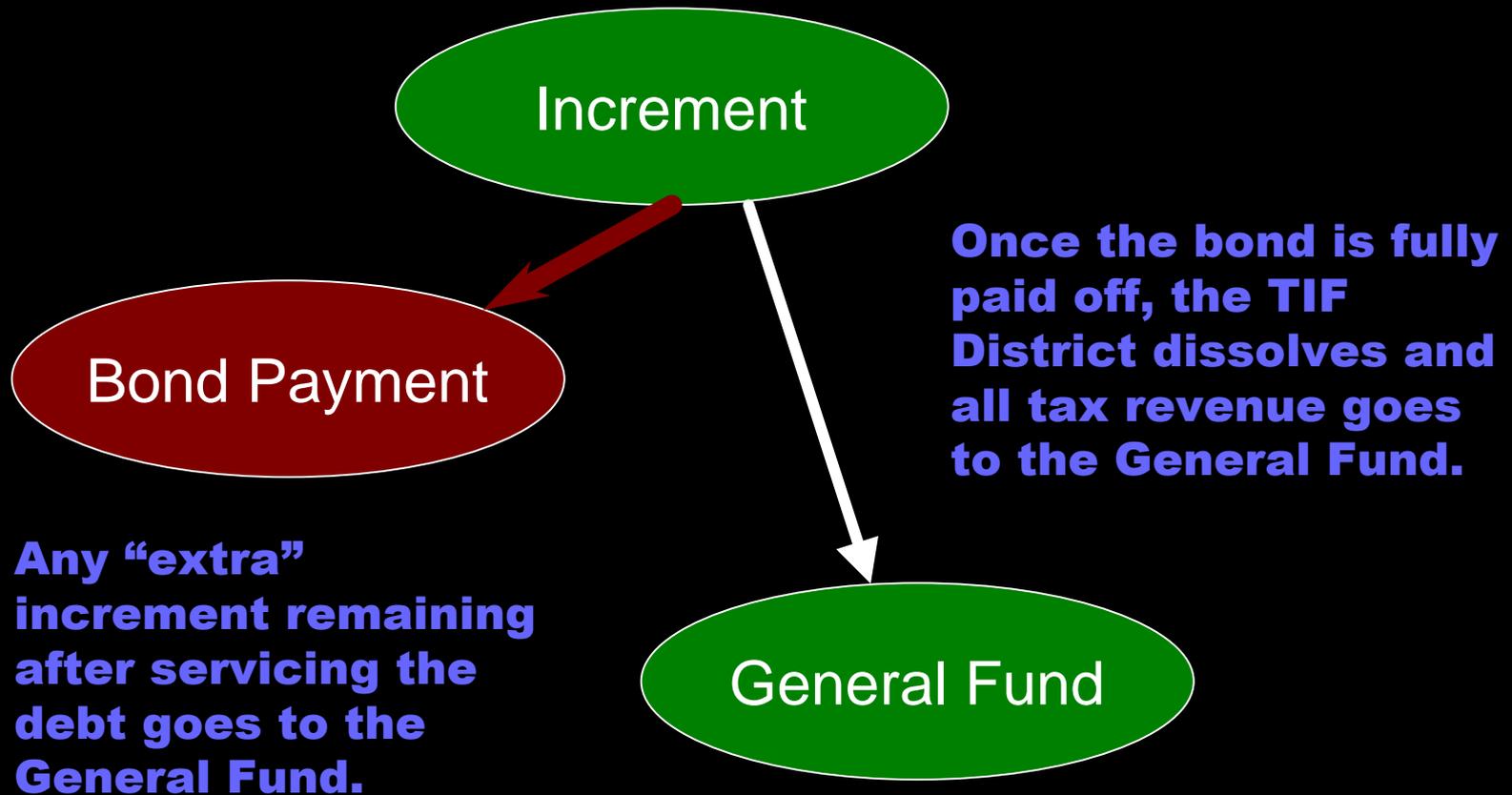
How is a TIF set up?

- **Council must designate a District Administrator who can be an Existing or new Officer or Department or a Corporation (RSA 292) - The Administrator's duties are delineated by the Council to whom the Administrator reports. A report on the District must be included in the Annual Town Report.**
- **Council appoints an Advisory Board that must consist of residents or owners in or abutting the District. The Board **advises** the Council and District Administrator on planning, construction, implementation, maintenance and operation.**
- **In instances of disagreement between the Advisory Board and Administrator the Council has final authority.**

Basic Rules

- **Money raised in the district must be used to implement the plan & directly impact the district**
- **Once established, there is a limit of five years to adjust the boundaries.**
- **Town Meeting determines how money is spent.**
- **Money must be spent in accordance with the official plan adopted by Town Meeting**
- **No one TIF district can include more than 5% of a community's assessed value or more than 1.5% of community's land area.**
- **All TIF districts combined cannot exceed 3% of the community's land area.**

What Happens with the “Increment”



New Hampshire Examples: City of Keene

- **Keene wanted to establish a new industrial park.**
- **The park cost \$4 million to develop.**
- **A TIF District and District Plan dedicated the Tax Increment to service debt for the cost of development.**
- **The City issued a \$4 Million bond.**
- **13 new businesses generated over \$20 million in new tax increment. Of that, \$11 million was added to the general fund.**

New Hampshire Examples: Town of Peterborough

- **Town wanted more commercial development in the existing commercial core.**
- **Small Infrastructure improvements would be needed but no single project could generate funds to pay off a bond.**
- **The Greater Downtown TIF was created to act more as a savings account.**
 - **Once sufficient new tax value has been created, then Town meeting will be asked to spend money from the TIF account or issue bonds with the payments coming from the account.**
- **A “sun setting” provision sets the date the District Plan will expire unless extended by Town Meeting.**

New Hampshire Examples: Town of Raymond

- **Raymond wanted commercial development to occur in the area near Exit 4 on Rt. 101.**
- **A wastewater collection, treatment and discharge system was needed to attract development.**
- **\$12 million cost**
- **\$962,000 annual district cost incl. Debt Service.**
- **Current value assessed at \$7.8 million.**
- **Future value projected to be \$100-\$150 million.**

How could it work in Durham?

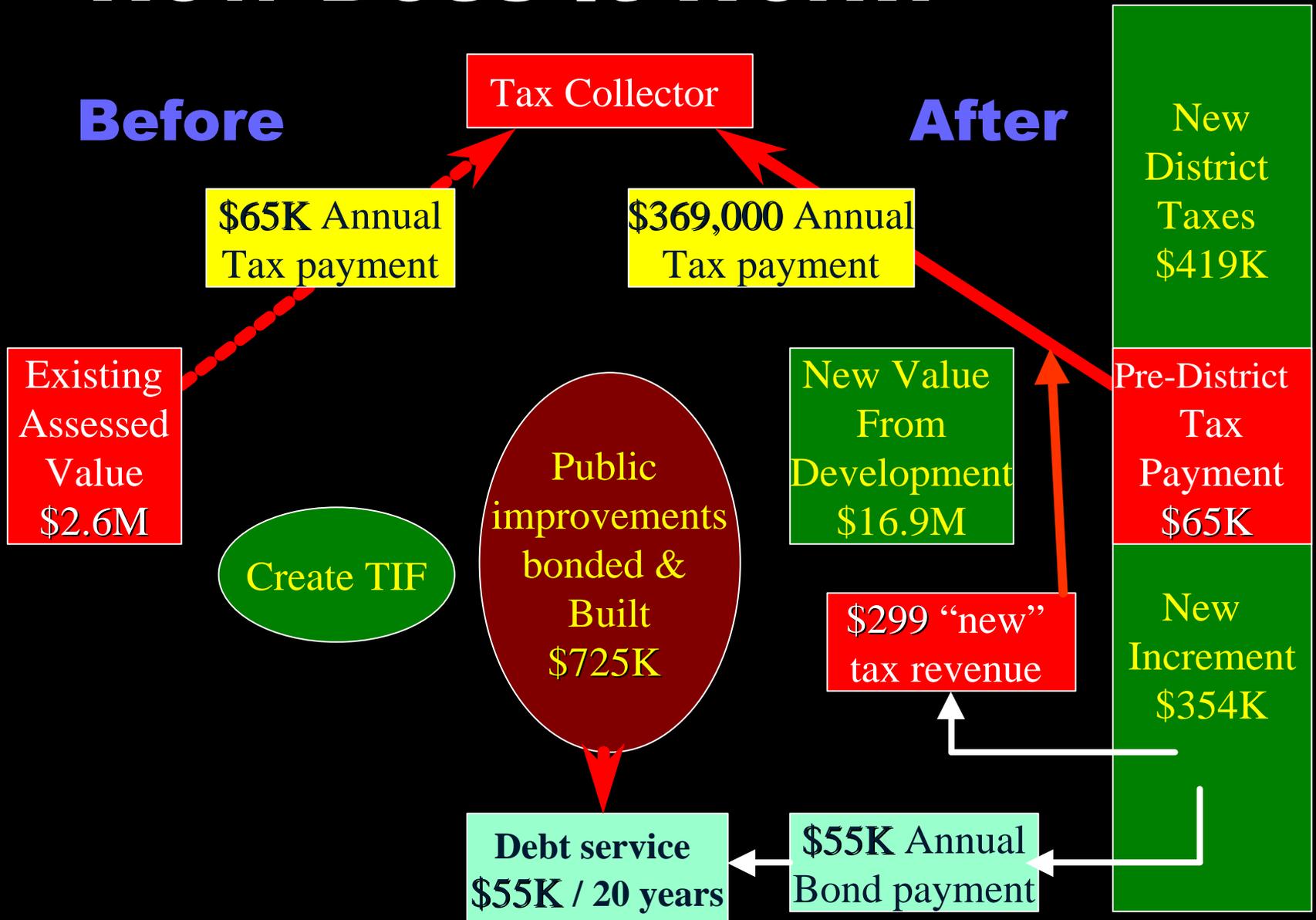
The Stone Quarry TIF



Stone Quarry TIF

- **Fund extension of public utilities to attract commercial development to the Route 4 and 108 interchange.**
 - **Expanded tax base**
 - **Increased revenue**
 - **Employment opportunities.**

How Does It Work?



Needed improvements

- **Wastewater collection extension**
- **Water main extension**

- **Estimated total cost: \$725K**
- **Estimated yearly cost of the district:
Debt service on 10yr/20yr bond issue
approximately \$90K/\$55K**

Summary of Benefits

- **Commercial development is encouraged in an appropriate area.**
- **Tax base is expanded and diversified.**
- **Public improvements are made without increased tax rates.**
- **General Fund revenues increase.**

Questions?

