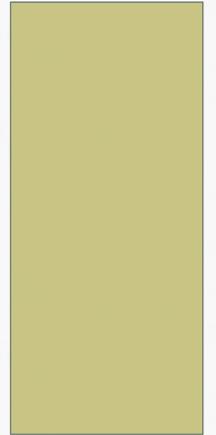


# TAX INCREMENT FINANCE DISTRICTS

A QUICK REVIEW



# WHAT IS A TIF?

- A TIF provides that new valuation or a portion thereof from all new development in a set area may be captured (set aside) to undertake improvements in that area or for related offsite infrastructure.
- TIF rules are governed by Maine statute.
- A TIF can be in place for up to 30 years and must be approved by the state.
- A TIF must be based on a development plan such as a downtown redevelopment plan.
- The new valuation in a TIF area is not included in the municipality' s state valuation.



"I'll be needing one of your legs as well!"

# ASSUMPTION

## \$4.0 MILLION IN NEW VALUE

- Would provide \$67,200 in new taxes each year based on FY 2015 tax rate
- Would provide \$672,000 over ten years assuming the same tax rate
- Because higher state valuation reduces state school subsidy, reduces revenue sharing and increases the share of the county tax, sheltering of state valuation through a TIF enables 100% of the new taxes to stay in Cape Elizabeth. Without a TIF, estimates indicate that 30% to 70% of the added tax revenue is taken by the county tax and by subtraction of state funding.
- Therefore, in a TIF with \$4.0 million in new value, the 30% to 70% range provides that of the \$67,200 in new taxes each year, between \$20,160 to \$47,040 would be absorbed by state funding reductions and higher county taxes. This is a range of \$201,600 to \$470,400 over ten years.

# THE FINE PRINT

- Monies cannot be used for buildings where there is the general conduct of government i.e town halls
- Monies may not be used for public recreational purposes.
- Monies may be used for architectural fees, engineering fees and for the construction of infrastructure.
- May be used outside the district for related sewer, water and electrical lines and needed infrastructure upgrades to benefit the district.

# THE TOWN CENTER TIF DISTRICT PROPOSAL

- Is not related to any specific development
- Is intended to help pay for storm water management, sidewalk additions and sidewalk improvements to improve pedestrian safety
- Numerous committees have focused on making the town center more pedestrian friendly
- Cost estimate completed in 2014 for sidewalks and related drainage in the town center and connector areas is \$1.7 million.
- Would supplement existing infrastructure improvement fund which has a balance of \$136,000 and possible reimbursement of \$100,000 loan to library project.

# POTENTIAL TIMING ISSUE

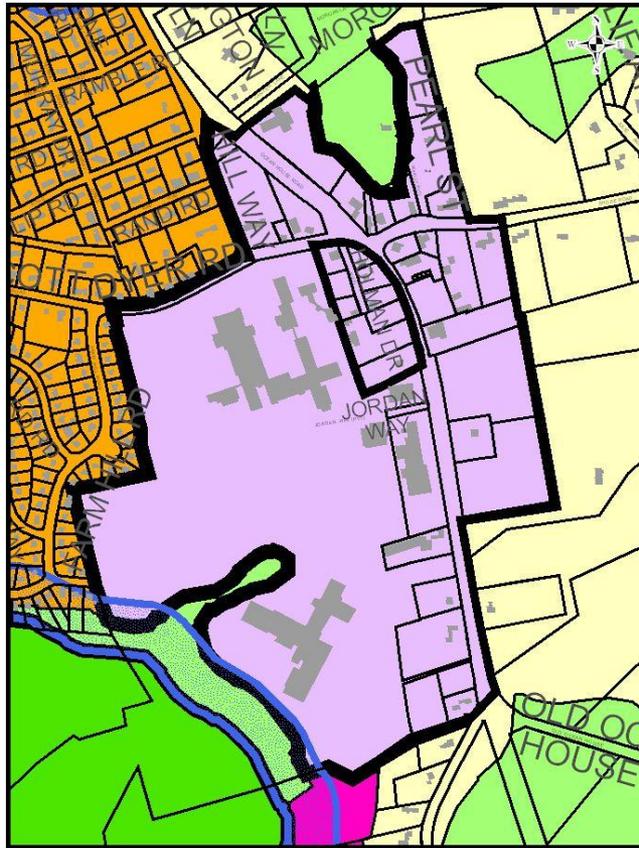
TIF applications are due by March 1 of each year.

TIF application received by 03/01/2015  
- May use valuation as of 03/31/2014

Approximately \$650,000 in new value from new Cumberland Farms, C Salt Market and other area improvements.

# POTENTIAL TIF DISTRICT

Town Center  
144 Acres  
1% of area  
of town



# SUMMARY OF KEY POINTS

- A TIF shelters new tax revenue from a set area so that the town does not need to send an arm and a leg of the new revenue to the state and to the county.
- This proposal would help fund pedestrian improvements and storm water management.
- This proposal is not related to any specific development.

# POSSIBLE NEXT STEPS

- Council discussion if there should there be further exploration of a TIF district
- Ask staff to develop a TIF application
- Plan to have a public hearing in September