

## Tax Increment Financing (TIF) Voting Information Question #3

**A Public Hearing will be held on October 22, 2019 at 7:00 pm at Marshwood Middle School to discuss the TIF question. Voting will take place on November 5th, 2019 at Marshwood Middle School from 8 am to 8 pm.**

### How Do TIFs Work?

The Town identifies several properties that they feel have potential to increase in value – those properties get included in the “TIF District.” The Town notes the current taxable value of each of the properties at the time they get designated to be in the TIF district. The taxes that come from that “original value” still go to the Town’s general fund. Any new taxable value that occurs to a TIF District property creates new taxes that go into the dedicated TIF Fund for economic development.

#### **Example:**

Property A is currently taxed on \$500,000 of value. After it is designated to be in the TIF District, the value increases (due to an expansion of the facility, for example) to \$800,000. The incremental new value is therefore \$300,000. With a property tax rate of \$14 per \$1,000 of taxable value, the new taxes would break down as follow:

\$500,000 x .014 = \$7,000 taxes – stays with the General Fund Account

\$300,000 x .014 = \$4,200 taxes – is generated and goes to the TIF Account

- ***Did you know... that 95% of the Town’s taxes come from residential properties; only 5% of our tax burden is borne by commercial / industrial properties. The intent of this new TIF effort is to better balance the tax burden.***

### Haven’t We Voted on this Before?

The Town of Eliot’s TIF was created in 2009 with the sole purpose of extending sewer and water mains along Route 236. The term of the TIF is 30 years and therefore, the TIF will terminate in 2039. Once it terminates, all of the enhanced property taxes, generated by the economic development investments, will go the general fund.

- ***The Town voted to approve the original TIF District Development Program at Town Meeting on February 11, 2009; 197 in favor, 75 against (72.4%).***
- ***A community survey was conducted in October of 2015: One of the clearest responses received was a preference to use TIF funds for infrastructure (679 Yes / 180 No). Of the***

***types of infrastructure most highly-supported was 1) sewer, 2) water, and 3) storm water and sidewalks (tied).***

- ***The Route 236 corridor was the preferred location for economic development as compared to the proposed Village District (694 Yes / 214 No).***

Unfortunately, the voters of the Town have been asked to vote on several variations of TIF-related votes, mostly related to how we would pay for much-needed improvements to two sewer pump stations. That issue has now been resolved and the sewer rate payers are solely bearing that debt. We have written up an extensive history of the TIF votes from 2009 to 2018 and that document, along with maps, costs estimates, the list of uses to be voted upon, and much more TIF information is available on our website at [www.eliotmaine.org](http://www.eliotmaine.org)

### **How Much TIF Money Are We Discussing?**

The TIF receives approximately \$550,000 per year and has a balance of approximately \$5,000,000. Over the remaining term of the TIF, we anticipate another \$13,000,000, even if no other incremental value occurs. Most of the current TIF funds are derived from the Maritimes and Northeast Compressor Station. That company anticipates adding a second compressor within two years and they estimate that would generate another \$900,000 per year for the TIF fund. We have NOT included this additional revenue in our projections and calculations.

The Town has undertaken an engineering study for the extension of water, hydrants and sewer on 236. We anticipate a total cost for Phase I to be a little under \$10 million. As noted, we have more than \$5 million already saved for this purpose, so we would likely seek to bond approximately \$5 million over 15 years.

- ***No general fund taxes will be used in support of Rte. 236 infrastructure extensions. TIF revenues alone will fund the project.***

### **What Is This New TIF Proposal?**

As voters, you will be asked to vote on a revised list of projects for which TIF funds may be used to encourage economic development. You are not voting on any specific project, nor any funding. The most important of the changes to the list of uses is the addition of allowing funds to be used to extend sewer lines on Rte. 236. The current list of uses, excludes that purpose.

As stated, we do anticipate a project in 2020-2021, but that is not what the vote is about with regard to **Question #3**. This vote is only about allowable uses of the TIF funds.

### **Why Didn't the Town Implement the Last TIF Plan (Village Plan)?**

A Committee was formed to investigate improving the so-called village area, along State Road and potentially as far down to Frost Tufts park. The idea was to extend sewer (and economic development) toward River Road, along with perhaps a small village business area, child care, and eco-tourism. After reviewing the potential sites, the Committee determined that the parcels in question were inappropriate for economic development. It was determined that wetlands and vernal pools were going to make one site difficult to access and develop, and the use of Frost Tufts Park (non-taxable) seemed like a difficult sale to voters – changing zoning in a residential neighborhood and impacting an existing recreational facility. There was also concern about encouraging more traffic on State Road and near the Elementary School. Both parcels that were available to be developed would have required a voter-approved zoning change.

### **What is the Project that the Town is Proposing? Why Now?**

In the near future, it is the intent of the Select Board to ask voters to approve funding, probably in the form of debt, to be repaid by ongoing TIF revenues, to extend water mains, hydrants and sewer mains on Rte. 236 in a phased program such that these utilities will ultimately be available the entire length of the TIF District from Point Bolt Hill Road to 6,000 feet northwest of the Beech Road intersection.

The Town will also be considering adding turning lanes to reduce congestions, stop-and-starts, and improve the “flow” and safety on Rte. 236. That same traffic improvements effort is currently under study between Beech Road and Stevenson Road in Kittery.

- ***Importantly, the State of Maine is planning a rehabilitation of Rte. 236 in 2021 / 2022. Timing the installation of infrastructure with the MDOT work will reduce having the corridor under construction more than once, and potentially save money through cooperation in flagging or paving, for example.***
- ***In recent years, the Fire Department has had to respond to several fires on Rte. 236, some of which were commercial / industrial in nature. Having no hydrants was a major obstacle to fighting those fires.***

The Eliot Select Board, along with the Tax Increment Financing Committee,  
have unanimously endorsed this proposal.