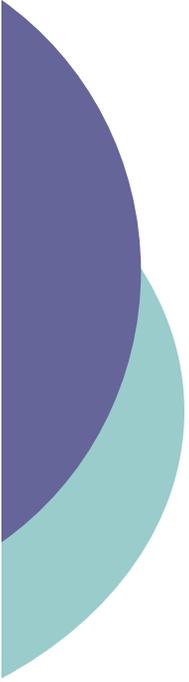


Using Tax Increment Financing

RSA 162K





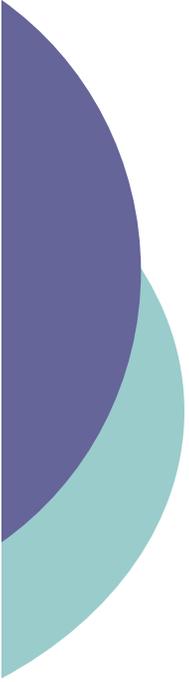
What is TIF?

- A powerful tool for funding necessary infrastructure improvements.
- Using a portion of new taxes created by new construction, expansion or renovation of property within a defined district to make public improvements.
- The City Council is in control of how TIF dollars are spent. An Advisory Board insures that the TIF Plan is implemented.

Development Districts & TIF Plans

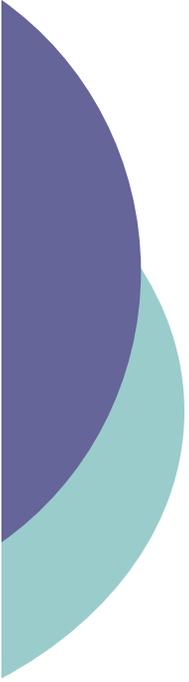


- The Development District should include the area where public improvements are needed, and sites that are likely to generate new tax revenue.
- District boundaries can be adjusted after creation if necessary to include new infrastructure or development.
- An official plan must be developed by the TIF Advisory Board, and approved by the City Council, outlining how TIF revenue is to be spent.
- Each year the municipality can review it's financial situation and decide how to distribute the incremental revenues.



What Can TIF Be Used For?

- All activities undertaken must be consistent with the Development Plan, and can include, but are not limited to:
 - Acquire land or easements
 - Build or improve roads, bridges and transportation systems linking commercial areas, or to meet the goals of the development plan
 - Extend or improve water, sewer, utilities to the development district
 - Install lighting, street signs, landscaping, and/or pedestrian ways
 - Construct parking structures, plazas, or other traffic and parking control features
 - Planning or engineering for public improvements or projects.



Bond or Pay-as-you-go

- TIF revenue is set aside to either
 - a) pay a bond issued by the City for improvements in the TIF District, or
 - b) complete the improvements in the development plan in phases, or
 - c) be saved until sufficient annual increment is available to support a bond for the entire project.
- Bonds issued in this manner do not count against a City's debt capacity.
- Bonds with a dedicated revenue source will not raise the tax rate in the manner that GO Bonds will.



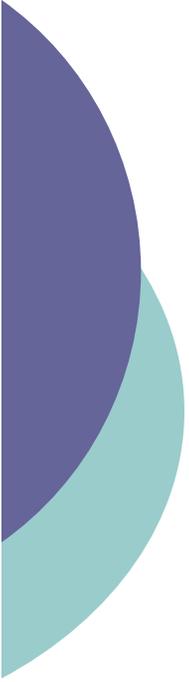
How Does TIF Work?

- A district is created with boundaries that include areas where public improvements are needed, in addition to areas where new development or redevelopment is likely to take place.
- An inventory of the properties is done, establishing the base value of the district. Taxes on the base value continue to get distributed in the usual way.
- As properties in the district are developed or redeveloped there, there may be an increase in the taxable value. The difference between the base and the new value is the increment.
- A portion of the taxes from the new incremental value are dedicated for use within the TIF district and/or to pay the bond, rather than the usual distribution.
- If needed, the City Council may reallocate portion of the revenues back to the general fund.

Example

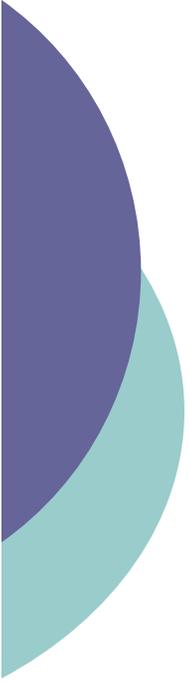


- Have some confidence of development or redevelopment
- Have identified public infrastructure needs in the same area
- Could use TIF instead of City GO bonds to accomplish goals



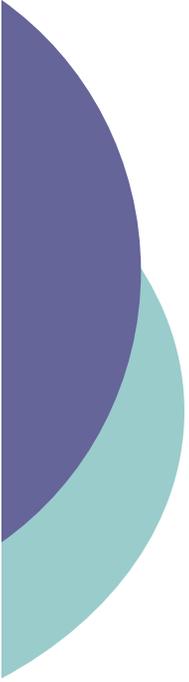
Example

- The inventory of the district shows a combined assessment for taxes of \$2 million, producing \$40,500 in tax revenue annually (@ \$20.25 per \$1,000 value)
- After development, the properties in the district have an assessed value of \$10 million, producing \$40,500 for the general fund and \$162,000 in TIF revenue.
- Can be affected by-
 - Changes in assessment
 - Changes in tax rate
 - The value of new development projects



What To Do Next?

- Review RSA 162-K and amendments
- Hold a public hearing at least 15 days before a vote, with appropriate notifications
- Get input from schools, County, Elected Officials, Chamber of Commerce, Rotary, Planning Board, other stakeholders
- City Council adoption



To Establish a TIF District

- Define and map the TIF District
- Appoint TIF Advisory Board and District Administrator
- Define public and infrastructure improvements
- Prepare spreadsheet for tax assessment and potential tax increment revenues of proposed district
- Prepare cost benefit analysis of public improvements
- Draft time schedule of TIF District Development
- Refine and revisit City Council
- Hold a Public Hearing
- City Council vote to establish district and approve development plan

A Final Thought



- “They always say time changes things, but you actually have to change them yourself.”

• *Andy Warhol*