

City of Belfast

Tax Increment Financing (TIF) Policy

The following is the City of Belfast's Tax Increment Financing (TIF) policy and application guidelines. This policy is intended to establish the basic principles that should shape economic development in the community as well as to specify the criteria for decision-making and the process for the review of any development proposal.

For a TIF application to be considered by the City Council of Belfast, the application must meet a majority of the following guidelines.

I. Basic Provisions:

1. The proposed District, Development Program and Financing Plan are consistent with the TIF Policy and with the city's bonding limits and current indebtedness.
2. The TIF proposal is consistent with the provision of State law governing the establishment of Municipal Tax Increment Financial Districts.
3. The creation of the TIF District is necessary to bring about the proposed investments.
4. The activities resulting from the creation of the TIF District will not have an adverse impact on existing businesses within the community, and
5. The activities resulting are consistent with the City's Comprehensive Plan, existing or amended local ordinances and overall community development goals, particularly the goals and objectives established for the city's Business Park District.

II. Basic Financial Provisions:

1. The City of Belfast has the option of issuing bonds, which are retired using the tax increment, or paying the tax increment directly to the investing business via a Credit Enhancement Agreement. In order to minimize risk to the citizens of Belfast, tax increment financing provided via a credit enhancement agreement is preferred when the increment is used to support private investment. When the tax increment financing is for public facilities (publicly-owned, publicly-used), a pay-as-you-go method or a bond issuance, would be the preferred mechanism. The applicant must provide any and all other documentation that will protect the city's economic and financial position, and/or that conform both to the letter and spirit of the underlying agreement between the applicant and the City.

2. A Credit Enhancement Agreement will provide for a recapture of the benefits if the project should move to another municipality. Assignments will be allowed only for conventional commercial financing purposes or where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant.
3. As a general rule, the City's share of the dedicated revenues for the project shall not exceed 50% of the incremental taxes over the life of the district. The actual share shall be determined, as deemed necessary for the project, in negotiations between the applicant and the City.
4. The Financing Plan for a proposed TIF District shall provide the city's administrative and legal costs involved with the creation of the TIF to be repaid out of sheltered tax revenues.
5. The Financing Plan for a proposed TIF District shall provide that not less than 5% of the sheltered tax revenues generated over the life of the TIF District shall be deposited in an Economic Development Reserve Fund to be used for promoting economic development in Belfast, maintaining the Belfast Business Park, and administering the TIF District.

III. Guidelines that must be met:

1. The city's participation is economically necessary and involvement by the City is needed in order for the project to be undertaken. Justification for economic need and City involvement must be demonstrated by:
 - a. A need to offset infrastructure costs unique to the site; or
 - b. A need to offset economic advantages available to the entity if it should build (or expand) outside of Belfast; or,
 - c. The unavailability of sufficient private or other public funding sources to meet the full capital investment needs of the entity seeking assistance; or
 - d. The private investment carries with it a need or desire for publicly owned improvements that the applicant and the city wish to include.
2. The project creates new incremental real estate tax value equal to, or greater than, one million dollars (\$1,000,000). The value of new, incremental personal property tax value may be considered if the value is equal to, or greater than, the value of the new incremental real estate tax value.
3. The applicant must provide evidence of financial capability to undertake the project by submitting one of the following.

- a. A letter from a financial institution, government agency, other funding agency, or private investors, indicating a commitment to provide a specified amount of funds, and the uses for which the funds may be utilized.
 - b. In cases where funding is required but there can be no commitment of money until approvals are received, a letter of "Intend to Fund" from the appropriate funding institution indicating the amount of funds and their specified uses.
 - c. The applicants' most recent corporate (or other entity) annual report indicating availability of sufficient funds to finance the development, together with explanatory material interpreting the report.
 - d. Evidence indicating availability of funds if the developer will personally finance the development.
4. Compliance with statutory and regulatory guidelines of the City and the State.

IV. Conditions of Approval and Guidelines to Determine Level of City Participation:

Although an applicant may not meet each of the following criteria, the City may use them to determine the level of participation.

1. The project assists an established business in the City of Belfast, thus retaining existing employment and existing tax base.
2. The project creates long-term, permanent employment opportunities.
3. The project improves the general economy of Belfast.
4. The project improves and broadens the tax base.
5. The project improves a distressed area within the community in need of redevelopment or an area identified as a priority by the City of Belfast for redevelopment.
6. The project improves a distressed or blighted building in need of rehabilitation, or a building identified as a priority by the City of Belfast for rehabilitation.
7. The project creates public infrastructure facilities or benefits which have application beyond the particular development, such as traffic upgrades, public parking facilities, etc.

8. If not from the beginning of the District, then as soon as possible, the project will support community projects or create public benefits, such as granting access to open spaces, creating student internships, providing job training, supporting local contractors and suppliers, etc.

The City Council reserves the right to hear a proposal that may not meet all of the Tax Increment Financing criteria, but due to extraordinary circumstances, is unique and will provide substantial benefits to the City of Belfast.

V. Procedures

The establishment of a Tax Increment Financing (TIF) District, Development Program, and Financing Plan, or a development from proposal for the Belfast Business Park, can involve complex public policy decisions. To assure that the City considers all of the facets of a development proposal and that an applicant is treated expeditiously and fairly, the City has adopted an organized approach for reviewing and considering proposals. This section sets out a process for reviewing and acting on development proposals. This procedure is intended to be a guide for the City and applicant. The City may modify this procedure as necessary to assure thorough but timely consideration of Business Park development and TIF proposals.

Step 1. Informal Discussions with the City Manager and Director of Planning and Community Development.

Private parties contemplating the creation of a TIF District or a development proposal for the Belfast Business Park are requested to meet with the City Manager and the Director of Planning and Community Development. The purpose of this meeting will be to:

- Allow the City staff to obtain an understanding of the possible activities and structure of the TIF, or of a specific development proposal;
- Allow the applicant to gain an understanding of the City's policy regarding TIF's and the lots in the Belfast Business Park; and
- Assure that the applicant understands the process the City will use in considering a TIF request or development application, and the information that will be required as part of the process.

The meeting with the City's Manager and Planner shall be informational in nature. No action will be taken regarding the status of any pending development proposal.

Step 2. Preliminary Submission

Private entities requesting the creation of a TIF District, or making a development proposal for the Belfast Business Park are required to prepare a preliminary submission prior to drafting the formal application. This step is intended to allow the applicant and the city to work together to ensure that the criteria as set forth herein, are met.

The preliminary submission is intended to be a general outline of a development proposal. It should include the following information and submissions:

- A. The area proposed to be included within a TIF District and the rationale for it. If in the Belfast Business Park, the lot or area that will be developed shall be identified.
- B. A description of the development activities anticipated within the TIF District and the estimated market value of taxable improvements.
- C. A general description of the anticipated TIF Development Program and Financial Plan including:
 - i. The share of the new valuation proposed to be sheltered in the TIF (see city guidelines provided below).
 - ii. The proposed utilization of the sheltered tax revenue.
 - iii. Any anticipated "credit enhancement" arrangements.
- D. A description of the employment anticipated to result from the creation of the TIF District including:
 - iv. The estimated number of permanent, year-round jobs to be created.
 - v. The estimated number of permanent, part-time jobs to be created.
 - vi. The estimated number of permanent, full-time and part-time jobs to be retained directly as a result of the activities.
 - vii. The number of construction or temporary jobs to be created.
 - viii. The average hourly wage or annual wage for permanent jobs that will be created or retained.

- E. Statement as to how the proposed TIF conforms to the City's adopted TIF Policy and any other municipal economic development policies or objectives.
- F. An analysis of the impact of the anticipated development activities on municipal services and an assessment of any increase in municipal service costs resulting from the activity.
- G. An analysis of the impact of the proposed activities on existing businesses within the community.
- H. A statement as to why the creation of a TIF District is necessary for the realization of the project, and that there is a clear economic need for assistance.
- I. A statement outlining other sources of publicly supported financial assistance for proposed project activities.
- J. A non-refundable application fee of \$250 for processing an application.

Step 3. Review of the Preliminary Submission

The preliminary submission should be submitted to the City Manager at Belfast City Hall. Upon receipt of a preliminary submission, the City Manager shall:

- A. Forward the submission to the Business Development Committee for review. This review shall include an analysis of the conformance of the proposal with this Policy Statement. If the Committee finds that the proposal is in conformance with this policy, the Committee should identify any improvements that should be considered in drafting the formal application together with any questions on issues that should be addressed in the application. If the Committee finds that the submission is not in conformance with this policy, the Committee, and any staff or consultants contracted by the City to assist the Committee, should work with the applicant to identify possible changes that could be made to the proposal to bring the application into compliance with the policy.
- B. Following the Committee review of the preliminary submission, the City Manager shall notify the applicant of the outcome of the review.

Step 4. Submission and Review of a Formal Application

A formal application for the designation of a Tax Increment Financing District for use of a lot in the Belfast Business Park shall be submitted to the City Manager. The application shall include all of the information required by State law. In addition, the application shall include:

- A. A description and analysis of the employment anticipated resulting from the development proposal, or the creation of the TIF District.

- B. An analysis of how the proposed development program and financing plan conform to this Policy Statement
- C. An analysis of the impact of the anticipated development activities on municipal services and an assessment of any increase in municipal service costs resulting from the activity.
- D. An analysis of the impact of the proposed activities on existing businesses with the community.

Upon approval, or approval with conditions, or denial of a formal application for the designation of a TIF District, and/or for use of a parcel of land in the Belfast Business Park, the City Manager shall:

- A. Notify the applicant of the actions recommended by city officials.
- B. If recommended for approval, place the item on the City's agenda for public hearing and advertise the hearing as required by State law, and
- C. If recommended for approval, schedule an agenda item for adoption by the Belfast City Council at an appropriate, regularly scheduled Council meeting.