



TAX INCREMENT FINANCING (TIF)

The Economic Development and Sustainability Committee (EDSC) was charged with developing a community and economic development tool for North Yarmouth called a Tax Increment Financing (TIF) District. The committee has collaborated with Rosemary Roy (Town Manager), Vanessa Farr (Economic Development Consultant), and Shana Cook Mueller (Counsel for North Yarmouth) to create a Village Center TIF District proposal to be presented for adoption at the April 6, 2019 Annual Town Meeting.

Frequently Asked Questions

What is TIF?

Tax Increment Financing (TIF) is an economic development tool used by many of Maine's municipalities to support and enhance local economic growth.

How does TIF work?

At the beginning of a TIF district's existence, the valuation for all property (land and buildings) within the district is recorded by the Tax Assessor. This number becomes the base amount of property tax value also known as the Original Assessed Value. From that point forward, if a property within the TIF district increases in value the dollar difference between the Original Assessed Value (base) and the new value is called the "increment."

When tax dollars are collected, those incremental dollars are set aside into a special TIF fund. The TIF fund can only be used for projects and programs identified in the proposed TIF program as eligible expenditures authorized by state statute.

Before any TIF funds can be spent, the town's voters must approve proposed expenditures at a Town Meeting.

What can TIF funds be used for?

TIF funds are used to attract and support new economic growth and investment in the Town. For example, TIF can be used to improve walking in the Village Center, with new sidewalks, trails, street trees, landscaping, seating, parking, and crosswalks. Such improvements will help to attract new businesses, residents, and visitors to the Village Center.

TIF can also be used to leverage additional investment in North Yarmouth. At the smaller scale, the Town can incentivize investment by offering grants or low-interest loans for façade improvements, for example. On the larger level, the Town can encourage development projects such as new mixed-use buildings for offices, stores, a restaurant, or senior housing by supporting the costs of new roads or extension of utilities (water, gas, electrical). If, for example, new commercial buildings result in the need to make new or increased capital investments for the Fire Rescue Department, those costs can be funded by TIF.

What additional benefit does TIF provide?

The new value in a TIF District is sheltered from the municipality's State Valuation and directly affects important areas of municipal finance, such as:

- State Education Subsidy
- County Taxes
- State Revenue Sharing Subsidy
- Local Education Contribution to MSAD 51

A TIF will allow North Yarmouth to retain all or a portion of those new tax revenues which would otherwise be passed on to the State and County. Currently, **79%** of every dollar of new tax revenue leaves North Yarmouth. Sheltering new tax revenue means **100%** of every dollar is available for direct reinvestment in North Yarmouth.

What are the procedures for creating a TIF District?

Before a TIF District can be established, the following must occur:

- ◆ Select Board review and endorsement
- ◆ Public Forums - Next forum - Tuesday, February 5, 2019 @ 10 am Stone's Café & Bakery
- ◆ Public Hearing - Thursday, February 28, 2019 6:30 pm Town Office Meeting Room (Tentative)
- ◆ Town Meeting approval on Saturday, April 6, 2019, 9 am
- ◆ Maine Department of Economic and Community Development - Commissioner approval

What properties are in the proposed TIF District?

Properties within the proposed Village Center TIF District are highlighted on the district map.

How large can a TIF district be?

Tax Increment Financing Districts are calculated on total Town acreage. North Yarmouth's total acreage is 13,702.4. State guidelines allow 2% or 274.05 acres of the Town's total acreage is captured. Where multiple contiguous TIF districts exist, 5% is allowed.

What does it mean if my property is in the TIF District?

Having property inside the TIF district does not change the valuation of your property or the collection of taxes. It does mean that if you propose a project that creates an economic benefit for the town, you may be eligible to receive TIF support which could help incentivize the project.

What if I have further questions?

Please feel free to reach out to Rosemary Roy, Town Manager at 207-829-3705 Ext. 207 or manager@northyarmouth.org.

What if I have a project idea?

Please contact our Economic Development Consultant, Vanessa Farr if you have a project idea, are interested in the development or expansion of your business. Vanessa can be reached at vanessa@mainedesignworkshop.com or 207-671-7885.