

CITY OF PORTLAND, MAINE

Tax Increment Financing District

**As passed by the Portland City Council on November 7, 1994.
As amended by the Portland City Council on August 20, 2001.**

Following are the City of Portland Tax Increment Financing (TIF) guidelines and standard operating procedures.

POLICY GUIDELINES

For a TIF application to be considered by the City's Economic Development Department, the Community Development Committee or the full City Council, the application must meet a majority of the following guidelines.

Notwithstanding compliance with any or all of the guidelines, the creation of a TIF district is a policy choice to be made by the Portland City Council on a case-by-case basis; a TIF is not a right under Maine law and meeting these guidelines does not create a right or entitlement in any applicant.

I. Basic Provisions:

- (1) In order to minimize risk to the citizens of Portland, tax increment financing will be provided via credit enhancement agreements only, except as set forth herein for properties contained within the Waterfront Redevelopment Economic Zone. The applicant must provide any and all other documentation that will protect the City's economic and financial position, and/or that conform both the letter and spirit of the underlying agreement between the applicant and the City.
- (2) The City's share shall not exceed 75% of the incremental taxes over the life of the district, except as set forth herein for properties contained within the Waterfront Redevelopment Economic Zone.

II. Guidelines that must be met for TIF's involving a Credit Enhancement Agreement:

- (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 corporate entity if it should build (or expand) outside of Portland; or,
 - (c) the unavailability of sufficient private or other public funding sources to meet the full capital investment needs of the corporate entity seeking assistance.
- (2) The project creates significant new tax value equal to or greater than \$2 million.
- (3) Financial capability to undertake project must be evidenced prior to review.

- (4) Compliance with all statutory and regulatory guidelines of the City and state.
- (5) Projects located in the B-3 or B-3b zones which receive tax increment financing may be required to participate in the Downtown Public Arts Program. Participation is required when construction costs equal or exceed \$301,000, excluding land and building acquisition costs and purchase of equipment not related to construction.

III. Guidelines to determine level of City Participation through a Credit Enhancement:

Although an applicant need not meet each of the following criteria, they will be used to determine the level of participation by the City:

- (1) The project assists an established business in the City of Portland, thus retaining existing employment;
- (2) The project creates long-term, permanent employment;
- (3) The project improves a blighted area in need of redevelopment, or an area identified as a priority by the City of Portland;
- (4) The project improves a blighted building in need of rehabilitation;
- (5) The project creates public infrastructure facilities which have application beyond the particular development, such as traffic upgrades, public parking facilities, etc.;
- (6) If not from the beginning of the district, then as soon as is financially 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.

IV. Standard Operating Procedures:

The City's Economic Development Department will act as a clearinghouse and coordinate all activity regarding tax increment financing proposals. Working with potential applicants, the Economic Development Department will:

- (1) Provide information on tax increment financing;
- (2) Discuss project proposals and accept preliminary applications from applicants;
- (3) Review preliminary applications based on policy guidelines with the City Tax Assessor, Department of Finance, Corporation Counsel, Planning, Public Works, and Bond Counsel;
- (4) Advise applicants on findings of City staff and Bond Counsel review;
- (5) Following a review and evaluation of an application, the Economic Development Director will make a written determination whether to accept or reject the application. The Director's written decision approving an application and the application will be sent to the Community Development Committee of the City Council and the Downtown Portland Corporation where required for review and a recommendation. The Economic Development Director will also send decisions rejecting an application to the Community Development Committee and the Downtown Portland Corporation.
- (6) Provide assistance, if required, when the Community Development Committee makes its recommendation to the full City Council.

- (7) Submit application to the State, based on direction of City Council;
- (8) Monitor on-going public and private investment in the development project.

Preliminary tax increment financing applications will be provided by the Economic Development Department, City of Portland, 389 Congress Street – Room 308, Portland, ME 04101.

All Credit Enhancement applicants must pay a \$250 non-refundable application fee at the time of submission. If a Credit Enhancement is approved, an annual administrative fee equal to 1% of the incremental taxes reallocated back to the project will be charged.

All Credit Enhancement applicants will be required to sign a Legal Fee Consent form agreeing to reimburse the City of all legal costs incurred as a result of the tax increment financing proposal, whether or not tax increment financing is approved.

In addition, any out-of-pocket expenses incurred by the City in connection with the Credit Enhancement proposal will be reimbursed by the applicant, whether or not tax increment financing is approved.

V. TIF's in the Waterfront Capital Improvement and Economic Redevelopment Zone:

Recognizing the need to implement the recommendations of the Waterfront Economic Development Task Force Report entitled “Investing in Our Working Waterfront: Final Report of the Mayor’s Waterfront Task Force on Economic Development,” dated September 2000, the City Council adopted the Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance on June 4, 2001. This ordinance utilizes a Tax Increment Financing program to provide a portion of the funding necessary to implement the Task Force Report recommendations.

(1) Basic Provisions:

- (a) Taxable property included in the Waterfront Redevelopment Economic Zone (WREZ) as defined in the Waterfront Capital Improvement and Economic Redevelopment Zone and Ordinance shall be considered eligible for designation as a TIF district under Section V of these TIF Policy Guidelines, until the total aggregate amount of captured assessment in the TIF Districts devoted to this redevelopment program exceeds 1.25% (.0125) of the total taxable valuation of the City of Portland, when adjusted as necessary to reflect 100% valuation, as determined by the City Assessor.
- (b) Property contained within the WREZ that experiences an increase in assessed value of more than \$400,000 over a two tax-year period due to new construction, development or redevelopment, renovation, refitting or other physical change to structures or uses, including acquisition of equipment, shall be subject to designation as a TIF district, pursuant to 30-A M.R.S.A. §§ 251-526, as amended, to support redevelopment activities within the WREZ.
- (c) Credit Enhancement Agreements for eligible properties within the WREZ are allowed, provided that they meet the applicable guidelines in effect throughout the City, as described elsewhere in these TIF Guidelines.

(2) Standard Operating Procedures:

- (a) On or before August 1 of each year, the City Assessor will inform the City Manager and the Economic Development Director which properties are subject to designation as a TIF District, for the next fiscal year, per the standards described in these TIF Guidelines, and the resulting Tax Increment generated for each eligible property.

- (b) On or before January 1 of each year, the Economic Development Director will prepare TIF applications for those eligible properties within the WREZ. Pending City Council action, the Economic Development Director will forward all approved TIF applications to the State of Maine Department of Economic and Community Development (DECD) for review and approval.
- (c) Concurrent with the annual submission of the Municipal Budget, the City Manager will budget the program activities, including the program income and expense of the redevelopment program, for approval and implementation by the City Council. The redevelopment program is authorized to receive program income, grants, participations, joint ventures, investments and other revenues for the purposes of the redevelopment program as approved by the City of Portland from time to time.
- (d) All TIF Districts approved by the City Council and the State of Maine DECD by March 31 of each year shall be considered in effect for redevelopment program funding purposes in the ensuing fiscal year.
- (e) For developments within the WREZ seeking City assistance through a Credit Enhancement Agreement, the standard TIF Guidelines as described herein will apply. Any and all Tax Increment captured over and above any Credit Enhancements granted by the City Council shall be subject to the provisions of this section (V) of these TIF Guidelines.