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TAX INCREMENT FINANCING

ARTICLE 2: Shall the Town vote to amend the CMP/Riverfront Municipal Development and Tax Increment Financing District and Development Program originally dated June 10, 2014, pursuant to Title 30-A Chapter 206 of the Maine Revised Statutes, in accordance with the Resolution approved by the Select Board on April 25, 2024, a copy of which is attached and incorporated herein by reference?

Overview of Proposed TIF Changes:

The CMP/Riverfront Municipal Development and Tax Increment Financing District (“the District”) consists of 110.07 acres located on two District tracts; 22.35 acres on or about Main St. and River Rd. near the riverfront, and 87.72 acres on or about the planned Central Maine Power Maine Reliability Project upgrade near Brown's Point Road. The development program for the District proposes to expand the TIF district to include the parcels U01-20, location of the Old Town Hall, and U01-19, location of the Town Office. Inclusion of these parcels would allow TIF revenue to be used to rehabilitate these buildings. Further, the development program would also be expanded to include the ability to rehabilitate the yellow building at the waterfront park and provide a means to undertake economic development projects at the waterfront without grant funding if necessary.

Background on the TIF District

What is a TIF District? A Tax Increment Financing (TIF) is a public economic development financing program, funded by the property taxes generated by the incremental new value from a development project, in this case CMP’s corridor project on Brown’s Point Road. Thus, TIF economic development projects are not funded by property tax revenue from residents but rather just from the CMP parcels.

Why create a TIF District? Creating a TIF District provides funding that is dedicated to economic development. The increased assessed value within the TIF District is “sheltered” from the Town’s overall valuation, which is how the Town’s share of county taxes, state revenue sharing and school budget are determined. Creating a TIF District allows the Town to capture up to 100% of the tax revenue on the increased assessed value. Whereas, if a TIF District wasn’t created the Town would loss about 40% of that tax revenue to higher county and school bills and lower state revenue sharing. Further, we can use TIF revenues as matching funds for grants to stretch this resource even further.

What can we use TIF funds for? The State determines what the funds can be used for which includes transportation and housing projects, economic development, town events, marketing, skills development, and training. The Town must submit an economic development program identifying projects within these areas to the State for approval and any subsequent change or additions to the program must also be approved. So far Bowdoinham has used the program to fund:

- Village Development – public infrastructure improvements (e.g. sidewalks, crosswalk study)
- Operating budget of the Town’s Economic and Community Development Department
- Events & Marketing (e.g. Celebrate, Open Farm & Studio Day, Bowdoinham News)

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- Merrymeeting Trail - design, development and maintenance
- Village wastewater system feasibility study
- The waterfront redevelopment
- The internet expansion project
- Village signage project

See the 2023-2024 Annual Town Report for details on the \$1.5+ million in grant funds the Economic and Community Development Department has leveraged over the last year for economic development thanks to the TIF.

Periodically the State expands the program coverage. A recent change includes allowing a limited amount of funds to be used on renovating administrative municipal offices. The proposed amendment before you at Town Meeting would allow us to use TIF funds to make improvements to the Town Office and the Old Town Hall where this building serves the purpose of supporting economic and community development.

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Project No.	Municipal Investment Program	Eligibility Under Title 30-A	Estimated Cost	Status of Projects
Investments Within the District				
1	<u>Costs associated with the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and fixtures. TIF revenues may be used for the creation of a commercial event/performance center to promote commercial/business/industrial economic development related to tourism, arts, and agriculture industries.</u>	§5225 <u>(1)(A)(1)(b)</u> & <u>(1)(A)(4)</u>	<u>\$1,000,000</u>	<u>New</u>
2	<u>Costs associated with the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and fixtures. TIF revenues may be used for the creation of building with the purpose of promoting our tourism, recreation, arts, and agricultural as it relates to commercial/business District development.</u>	§5225 <u>(1)(A)(1)(b)</u> & <u>(1)(A)(4)</u>	<u>\$525,000</u>	<u>New</u>
3	<u>Costs associated with the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and fixtures. TIF revenues may be used for the creation of a commercial event/performance center to promote the tourism, arts, and agricultural as it relates to commercial/business District development.</u>	§5225 <u>(1)(A)(1)(b)</u> & <u>(1)(A)(4)</u>	<u>\$500,000</u>	<u>New</u>
Investment Within the Municipality				
4	Costs of funding economic development <u>plans</u> and <u>programs</u> developed by the municipality. TIF revenues may be applied to the annual operating costs of the Town's Community & Economic Development Department.	§5225 <u>(1)(C)(1)</u>	\$2,500,000	\$125,000 <u>\$150k</u> per year for 30 yrs.
5	Costs of funding economic development events hosted by the municipality. TIF revenues may be applied to the annual operating costs associated with several community events that promote the town and critical segments of its local economy, including but not limited to agriculture and the creative economy. Annual events may include but not be limited to the Celebrate Bowdoinham festival, Harvest Festival, Open Farm Day, Holiday Festival and Ice-Smelt Festival.	§5225 <u>(1)(C)(1)</u>	\$1,500,000	\$50k/yr for 30 yrs.

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Project No.	Municipal Investment Program	Eligibility Under Title 30-A	Estimated Cost	Status of Projects
Investment Within the Municipality (cont'd)				
6	<u>Up to 50% of the capital costs related to the construction or renovation of the Town's central administrative office, the need for which is related to general economic development within the municipality, not to exceed 15% of the captured assessed value of the development district. TIF revenues may be applied to renovations to the Town's central administrative office which support the growing needs of the Town's Community and Economic Development Department.</u>	<u>\$5225</u> <u>(1)(C)(12)</u>	<u>\$500,000</u>	New
7	Costs of funding the marketing of Bowdoinham and the Village as a business or home-work location. TIF revenues may be applied to ongoing marketing costs, including but not limited to newsletters, brochures, advertising, use of social media, and business and directional signage.	\$5225 (1)(C)(1)	\$900,000	\$30k/yr for 30 yrs.
8	Costs of services and equipment to provide skills development and training for jobs created and/or retained within the municipality. TIF revenues may be applied to funding general business workshops and/or training programs specific to a particular industry or business, including use of funds for intern support. Priority will be given to programming that supports retention and expansion of agriculture, arts, creative economy, and home-based businesses.	\$5225 (1)(C)(4)	\$30,000 <u>\$50,000</u>	Costs adjusted for increases in services and programming costs.
9	Costs associated with the development and/or maintenance of new or existing regional recreational trails with significant potential to promote economic development. TIF revenues may be applied to the design, construction, and ongoing maintenance of the Bowdoinham portion of the proposed Merrymeeting Trail, a regional bicycle/pedestrian trail that would link the communities and local economies of Topsham, Bowdoinham, Richmond and Gardiner, including connection to and development of "water trails".	\$5225 (1)(C)(6)	\$1,500,000	

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Project No.	Municipal Investment Program	Eligibility Under Title 30-A	Estimated Cost	Status of Projects
Investment Within the Municipality (cont'd)				
10	Costs associated with providing local match to federal, state, regional and foundation grants that support any of the purposes of Title 30-A, Chapter 206, Subchapter 1 (Development Districts for Municipalities and Plantations). TIF revenues may be applied as local match to grants deemed by the town to have significant potential for economic development, including but not limited to public infrastructure, associated with the Merrymeeting Trail, Waterfront Parks, the Village (central commercial district), emobility (e.g., charging stations), and the expansion of access to high-speed Internet in underserved or unserved rural areas.	30-A §5230	\$2,000,000 <u>\$2,750,000</u>	\$327,862 expended on the first phase of construction completed in transitioning the old Town Public Works facility site to a mixed-use waterfront park with commercial development sites
11	Costs associated with the creation of affordable housing to support local workforce at 80-120% of median income. Housing may be in the form of rents or new homeowners. Funding can serve to underwrite infrastructure costs for housing projects or provide matching funds for other housing development resources.	§5225 (1) (E)	\$1,000,000 <u>\$500,000</u>	
12	<u>Cost associated with the acquisition or construction of land, improvements, public ways, buildings, structures, fixtures and equipment for public, new or existing recreational trail, commercial development district use and costs of funding economic development programs or events developed by the municipality or plantation or funding the marketing of the municipality as a business or arts location. TIF revenues may be used to design and install signage, benches, gateways, public art, and other welcoming improvements to beautifying the downtown to draw consumers to the Main street leading traffic beyond the downtown towards other businesses.</u>	<u>§5225 (1)(A)(1) & (1)(C)(1)</u>	<u>\$100,000</u>	<u>New</u>
Total Municipal TIF Investment Plan Costs			\$9,690,000 <u>\$12,325,000</u>	
Present Bowdoinham TIF Reserves				
CMP Reserves			\$1,425,263	

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CMP Contribution in FY 2023-2024	\$430,235
Pipeline Reserves	\$90,654
Pipeline Contribution in FY 2023-2024	\$81,950