

**ECONOMIC DEVELOPMENT
NAPLES, MAINE**

*An Application for a Route 302 Corridor Municipal Development
and Tax Increment Financing District*

**TOWN OF NAPLES
ROUTE 302 CORRIDOR MUNICIPAL DEVELOPMENT
AND TAX INCREMENT FINANCING
DISTRICT DEVELOPMENT PROGRAM**

Presented to:
TOWN OF NAPLES

February, 2007

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I. Introduction

In 2005, the Town of Naples engaged the services of the Greater Portland Council of Governments, working with the Comprehensive Plan Committee, the public and City staff, to prepare the “Town of Naples Comprehensive Plan”. The Plan was approved by Naples voters at referendum in 2005; it was updated a year later by the same process. As a means of continuing with the goals, objectives, policies and strategies articulated in this plan, the Town proposes the creation of a Route 302 Corridor Municipal Development and Tax Increment Financing District, encompassing approximately 174 acres east of the Village District and Causeway areas.

Route 302 runs east-west between Casco and Bridgton, and is the primary transportation artery through Naples. As such, it has become the Town’s primary commercial growth area. New private sector investment along the corridor has already occurred, and several more commercial developments, some substantial, are expected in the next several years. The area is critical to the economic vitality of Naples, and because of its location, commercial/light industrial zoning, and supply of developable land, the area offers the Town its best opportunity to diversify its primarily service and retail oriented tax and employment base.

The goals, objectives, policies and strategies of the Comprehensive Plan seek to responsibly manage the growth and maximize the potential of this important business corridor, while maintaining and enhancing the small town character and rural nature of the entire community, and particularly the popular Naples Village and Causeway areas. The Route 302 Corridor Municipal Development and Tax Increment Financing District is hereby proposed for the following purposes: 1) to fund certain municipal investments within the proposed district, primarily focused on infrastructure, transportation, traffic, pedestrian and landscape improvements; 2) provide another means of financial support to the Investment Plan of the Town of Naples Downtown & Waterfront Municipal Development and Tax Increment Financing District, which is being established concurrently to this proposal; and 3) fund economic development and grant administration activities.

The proposed Route 302 Corridor TIF District will support community development goals by:

- Promoting an economic climate that increases job opportunities and overall economic well-being;
- Increasing the number of commercial and/or industrial jobs while enhancing the tax base and retaining Naples’ unique quality of life and rural character;
- Making Route 302 a safe, efficient roadway system servicing both regional and local needs;
- Encouraging and promoting tourism in Naples;
- Provide adequate public access for visitors and Naples residents to public amenities and open space, outdoor recreation opportunities, and lakes, rivers and streams in the Town;
- Expanding the economic vitality of the Village while preserving its essential small town and historic character.

Tax increment financing is a proven method of strengthening ties between businesses, the community, and the broader regional economic base. In order to manage and maximize the growth of the Route 302 corridor, and redevelop the downtown and waterfront, it is imperative to leverage investments that occur within the TIF District to provide incentives for other private sector investment and commercial development.

With the creation of the Town of Naples Route 302 Corridor Municipal Development and Tax Increment Financing District, the Town will be able to “shelter” the increase in municipal valuation anticipated as the downtown is redeveloped, allowing the Town to utilize all the tax revenues received from investments within the district for use by the Town. Without the TIF the increased valuation would reduce the Town’s share of Essential Programs and Services Aid to Education, Municipal Revenue Sharing, and would increase its county tax assessments.

Creating a TIF district serves a number of public purposes including the expansion and diversification of the municipal tax base; maintaining and increasing property tax revenues generated within the district; providing a means to pay for investment in public facilities, construction of public infrastructure needed to provide incentives for development; and creating and maintaining employment opportunities.

II. The Development Program

A. Statement of Means and Objectives

To assist in facilitating the project, the Town of Naples is designating certain, contiguous properties as a Municipal Development and Tax Increment Financing (TIF) District, pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. A twenty-five (25) year TIF district program is proposed. The purpose of the TIF is to provide funds for the Town to implement the municipal investment priorities identified for the Route 302 Corridor and Downtown & Waterfront areas in the Town of Naples Comprehensive Plan. Further development of the Route 302 Corridor will redirect economic activity from the Village/Causeway area, and as such, TIF revenues generated with the proposed district may be directed to support the Investment Plan of the Downtown & Waterfront Municipal Development and Tax Increment Financing District, in accordance with Chapter 206 of Title 30-A, §5225 1.B.(3) of the Maine Revised Statutes, as amended. Whenever possible, TIF revenues will be used to leverage federal and state grant money. The planned improvements will make the area more attractive for private investment.

TIF revenues will be made available for projects that are general in nature and others that are site or use specific. The City is proposing to capture 100% of the “new” assessed value in real estate and personal property within the District over the “original” assessed value. It is proposed that the TIF district will be for a period of twenty-five (25) years from adoption.

Creation of the proposed TIF district will enable new commercial properties to be developed, will stimulate new businesses and employment opportunities, and encourage new development and infrastructure to be constructed. Maintenance and enhancement of the Route 302 commercial corridor and the redevelopment of Naples’ downtown and waterfront will benefit residents, businesses, consumers and visitors alike. The project will also advance the Town’s economic goals, as well as the State of Maine’s goals of providing new employment opportunities, broadening the tax base, and improving the State and local economy.

B. Brief Description of Financial Plan

A twenty-five (25) year investment schedule is provided within the TIF and Tax Shift Projections pro forma attached as Exhibit 3. In summary, infrastructure related redevelopment efforts are estimated to cost approximately \$8.2 million. TIF revenues will also be used to support economic development efforts within the district. These investments are estimated to support and attract more than \$15.6 million in new private investment in the Town. Town projects will be financed using TIF revenues, state and federal economic development incentives, and the issuance of general obligation bonds, when and if appropriate.

As proposed, the TIF district will run from April 2008 through March 2033, provided the TIF district is approved by the Maine Department of Economic and Community Development prior to March 31, 2008.

C. Description of Public Facilities to be Constructed

The Town of Naples Comprehensive Plan will continue to provide a guide for selecting projects for this TIF Program.

The Town of Naples anticipates using the TIF revenues for a variety of public infrastructure projects within the designated Districts, to include, but not be limited to, evaluation, redesign and development of public facilities to support economic development; evaluation, redesign and development of parking facilities; renovate and/or construct sidewalks to enhance pedestrian traffic and safety; improvement of streetscapes and signage; building improvements and rehabilitation; evaluation of traffic flow and redesign of routes as needed; commissioning of planning studies; funding of economic development and grant administration activities.

Table 1 below provides a list of projects anticipated to be funded with the TIF revenues generated within the district boundaries. TIF revenues may also be used as match to generate additional sources of funding. Should the Town issue general obligation bonds or incur other debt for any of these projects, TIF revenues may be used toward the financing/interest costs associated with these projects.

TABLE 1
Municipal TIF Investment Plan

I.	Municipal Investments Within the Proposed TIF District
A.	Pedestrian Improvements
	Extend Village District sidewalk network to the Route 302 commercial corridor, from Route 35 to Sand Road.
	Install decorative lighting within district
B.	Traffic & Transportation Improvements
	Implement traffic calming measures where appropriate
	Implement improved or new traffic signalization where appropriate
C.	Streetscape/Landscape Improvements
	Plant trees, other plantings and amenities within district.
D.	Infrastructure Improvements
	Where appropriate, construction of public water, sewer, telecommunications and power systems to leverage private sector investment and job creation
	Support business park development where appropriate
II.	Community-Wide Municipal Investments
A.	Town of Naples Downtown & Waterfront Municipal Development and

		Tax Increment Financing District
		Where appropriate, TIF revenues generated by the proposed Route 302 Corridor district will be directed to support the development activities identified in the Investment Plan of the Town of Naples Downtown & Waterfront Municipal Development and Tax Increment Financing District
	B.	Other Improvements
		Public Safety equipment and/or maintenance made necessary by the establishment of the District
		Public Works equipment and/or maintenance made necessary by the establishment of the District
	C.	Economic Development
		Credit Enhancement Agreements
		Revolving Loan Fund
		Marketing
		Staff time relative to economic development
		Consultant services in support of economic development
		Employment training for residents not to exceed 20% of total project costs
	D.	TIF Administration
		Staff time for TIF administration
		Consultant services in support of TIF administration

As noted previously, the basis of the Town's Municipal Investment TIF Plan is the recently adopted Comprehensive Plan. It is recognized that municipal approval of the proposed TIF District Program, at a Town Meeting, is required. Municipal approval of the TIF District Plan will not constitute a financial appropriation. Town Meeting action is required for financial appropriation for each community investment option. Also, it is recognized that TIF revenue must be spent per the State and municipally approved Naples Route 302 Corridor Municipal TIF Investment Plan.

D. Uses of Private Property

Creation of the proposed TIF District is a proven method for encouraging investment in the community. In order to maintain and enhance the Route 302 commercial corridor and the redevelop Naples' downtown and waterfront area, it is imperative to leverage investments that occur within the TIF District to provide for other commercial development. The purpose of this TIF is to provide funds for the Town to implement the municipal investment priorities identified in the Town of Naples Comprehensive Plan. The Town reserves the right to use TIF funds (together with federal and state grant money) to finance public infrastructure improvements that will make the area more attractive for private investment.

E. Plans for Relocation of Displaced Persons

No displacements are anticipated.

F. Proposed Regulations and Facilities to Improve Transportation

Improvements being considered in the TIF District, such as any roadway improvements, turning lanes, realignment of intersections or other necessary improvements found to be critical to the enhancement of the downtown and waterfront will be made in accordance with the standards for vehicular traffic of the Maine Department of Transportation. Improvements are intended to accommodate all necessary vehicular traffic related to the project and provide capacity for development and growth in the future.

G. Environmental Controls

The Development Program proposes improvements that will comply with all federal, state and local rules and regulations and applicable land use requirements. Projects that are undertaken by private developers will need to be in compliance with applicable local and state rules and regulations. Each individual developer will be solely responsible for seeing that all applicable compliance measures are adhered to.

H. Plan of Operation Upon Completion

Improvements in the TIF District within the public way will at all times be owned by the Town of Naples, or its successors and assigns, which will be responsible for payments of all maintenance expenses on said improvements, except those State-owned public ways within the TIF District. Improvements made to private properties will be owned and maintained by each individual owner of record. During the life of the TIF District, the Town Manager or his/her designee will be responsible for all administrative matters concerning the implementation and operation of the TIF District.

I. Calculations of Tax Shifts

A table summarizing the impact of tax increment financing on all taxing jurisdictions within the District is included in Section IV – Financial Plan.

J. Duration of the Program

The Naples Route 302 Corridor Municipal Development and Tax Increment Financing District shall be for a term of twenty-five (25) years commencing in the City's fiscal year FY 2009 and terminating in FY 2033.

III. Physical Description of the District

The TIF district will encompass 173.94 acres of the area along the Route 302 commercial corridor of Naples, Maine. The area represents the primary transportation artery through Naples and has become the Town's primary commercial growth area. Because of its location, zoning, and supply of developable land, the area is integral to the economic vitality of Naples.

1. A tax map delineating the properties in the proposed tax increment financing district is attached as EXHIBIT 1.
2. A municipal map showing the site location of the proposed tax increment financing district relative to the municipal boundaries is attached as EXHIBIT 2.
3. The original assessed value of taxable real property within the district boundaries is **\$5,436,435** as of March 31, 2007. A certification by the Town of Naples Assessor that the original assessed value established represents the taxable real estate property within the district's physical description, as delineated on the attached tax map, is attached as EXHIBIT 4.
4. TABLE #2 illustrates that the proposed TIF district is in accordance with State statutes.

TABLE #2

A. Total acreage of the municipality:	20,258 (or 31.65 square miles)
B. Total acreage of TIF district:	173.94 acres
C. Percent of line B of line A (cannot exceed 2% - DT TIF exempt form 2% limitation):	0.009%
D. Total acreage of all existing and proposed TIF districts in the municipality:	568 acres
E. Percent line D of line A (cannot exceed 5% - DT TIF exempt form 5% limitation):	0.028%
F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:	
1. Blighted acres	0%
2. Acreage in need of rehabilitation, redevelopment or conservation	25%
3. Acreage suitable for commercial sitting	75%

IV. Financial Plan

The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A)(1) (Supp.2004).

A. Estimates of Development Costs

Total development costs are estimated at \$8.2 million. These investments are estimates to support and attract more than \$15.6 million in new investment.

B. Description of the Financing Structure and Amount of Indebtedness to be Incurred

The Town reserves the right to incur debt to facilitate, in part or in whole, any of the aforementioned projects within the Development Program.

The Development Program requires establishment of a Development Program Fund pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5227 (3)(A) (Supp. 2005). Over the twenty-five (25) year TIF term, the Development Program provides for one hundred percent (100%) of the incremental tax revenues retained from the increase in assessed real and personal property value within the TIF District to be captured by the City within this Development Program Fund, to the extent that the then current assessed value exceeds the Original Assessed Value (OAV).

The TIF District Development Fund is established consisting of (1) a project cost account (“Project Cost Account”) pledged to and charged with payment of project costs outlined in the financial plan; and (2) in the event of municipal indebtedness, a development sinking fund account (the “Sinking Fund Account”) pledged to and charged with the payment of debt service on any municipal debt issued to finance the City improvements.

The Project Cost account shall consist of one or more Town cost sub account (the “Town Cost Sub Account”) pledged to and charged with the payment of costs of the Town’s project costs and one or more Developer cost sub accounts (the “Developer Cost Sub Account”) pledged to and charged with payment of the costs of reimbursement consistent with each approved Credit Enhancement Agreement, if any.

TIF revenues allocated to the Town will be deposited into the Sinking Account to finance the costs for the infrastructure improvements undertaken by the Town, in the event the Town issues any municipal debt, and otherwise to the Town Cost Sub Account to finance such costs directly.

Should the Town choose to enter into Credit Enhancement Agreements (CEA) between the Town and any Developer, payments of the Developer will be made from the Developer’s Cost Sub Account. The proceeds of the Credit Enhancement Agreement will be utilized by the Developer to defray the costs of the Developer’s project as described in the Development Program. In any fiscal year, payments under the Credit Enhancement Agreements will be made periodically following payment of the associated property taxes on the Developer’s project.

The Town reserves the right to make transfers between development program fund accounts as required, provided that the transfers do not result in a balance in the development program sinking fund account that is insufficient to cover the annual obligations of that account (30-A M.R.S.A. §5227 (3)(C) (Supp. 2005).

C. Estimates of Captured Assessed Value of the District

Estimates of the captured assessed values for the TIF district during the life of the Development Program are list in EXHIBIT A.

D. Captured Assessed Values to be Applied to the Development Program

Up to 100% of increased assessed values will be applied to the Development Program. Any funds not applied to the development program will be put into the general fund.

E. Tax Shift Impact

The following table identifies tax shifts which may result from the project during the term of the District, using information provided by the Town of Naples, the State of Maine Department of Education, and the Maine Revenue Service. The table is for illustration purposes only.

TAX SHIFT CALCULATIONS		
Tax Shift Item	Average Annual Amount	Total Undiscounted Amount
Aid to Education	\$103,773	\$2,594,328
County Tax	\$21,774	\$544,357
State/Municipal Revenue Sharing	\$7,528	\$188,202
TOTAL ALL TAX SHIFTS	\$133,075	\$3,326,887

F. Financial Data

1. Total 2007 taxable value of property in the municipality: \$680,300,000
2. OAV of all properties in all existing and proposed TIF districts:
 - a) proposed district: \$5,436,435 (as of March 31, 2007)
 - b) proposed and existing including exempt: \$29,100,515
 - c) proposed and existing after exempt: \$5,436,535
3. Percent of TIF district OAV as a percentage of total (cannot exceed 5%):
 - a) proposed district: 0.7%
 - b) proposed and existing including exempt: 4.2%
 - c) proposed and existing after exempt: 0.7%

4. Naples will consider public infrastructure options as outlined in Table #1. All community public infrastructure investment decisions and financial appropriations must be approved at Town Meeting.

5. Financial assumptions and safeguards: Under a credit enhancement agreement, the Town's payment obligation exists only insofar as new tax revenues are generated from new development within the district. The Town will pay an amount to the Company only insofar as incremental tax revenues are realized from an increase in valuation of real property within the TIF district over the original assessed valuation of the TIF district.

V. Tax Shift Formulas

Please see EXHIBIT #5 for the tax shift formulas.

VI. Record of Municipal Approvals

A. Public Hearing Notice

Attached, as EXHIBIT #6 is a certified copy of the Notice of Public Hearing held in accordance with the requirements of 30-A M.R.S.A. §5226. The notice was published in the XXXXXX, a newspaper of general circulation on XXXXXX, 2008. A copy of the actual newspaper page for the Notice of Public Hearing, the name of the newspaper and the date of publication at least ten (10) days prior to the Public Hearing is attached as EXHIBIT #7.

B. Meeting Minutes

Attached, as EXHIBIT #8, is a certified copy of the Minutes of the Naples Board of Selectpersons February 25, 2008 6:00 p.m. public hearing for the Naples Downtown & Waterfront Municipal Development and Tax Increment Financing District Program.

C. Authorizing Votes

Attached, as EXHIBIT #9, is an attested copy of the Town of Naples 2008 Special Town Meeting Warrant Articles and Action to Authorize the Establishment of the Naples Downtown & Waterfront Municipal Development and Tax Increment Financing District Program.

Town of Naples
Route 302 Corridor Municipal Development and TIF District

Exhibit 1

		Estimated Annual Investment		Projected Cumulative Investment		Annual Assessed Value Retained													
		Real Estate				Retained	\$ Amount	Mill Rate	Gross New Taxes			New General Fund	Town TIF %	Town TIF Revenues	Total Town Revenues				
base	2007-2008	\$	7,700,000	\$	7,700,000														
1	2008-2009			\$	7,700,000	100%	\$ 7,700,000	15.80	\$ 121,660	\$	-	100.0%	\$	121,660	\$	121,660			
2	2009-2010	\$	1,450,000	\$	9,150,000	100%	\$ 7,700,000	15.80	\$ 121,660	\$	-	100.0%	\$	121,660	\$	121,660			
3	2010-2011			\$	9,150,000	100%	\$ 9,150,000	15.80	\$ 144,570	\$	-	100.0%	\$	144,570	\$	144,570			
4	2011-2012	\$	2,850,000	\$	12,000,000	100%	\$ 9,150,000	15.80	\$ 144,570	\$	-	100.0%	\$	144,570	\$	144,570			
5	2012-2013	\$	400,000	\$	12,400,000	100%	\$ 12,000,000	15.80	\$ 189,600	\$	-	100.0%	\$	189,600	\$	189,600			
6	2013-2014	\$	900,000	\$	13,300,000	100%	\$ 13,300,000	15.80	\$ 195,920	\$	-	100.0%	\$	195,920	\$	195,920			
7	2013-2015	\$	400,000	\$	13,700,000	100%	\$ 13,300,000	15.80	\$ 210,140	\$	-	100.0%	\$	210,140	\$	210,140			
8	2015-2016	\$	900,000	\$	14,600,000	100%	\$ 13,700,000	15.80	\$ 216,460	\$	-	100.0%	\$	216,460	\$	216,460			
9	2016-2017	\$	400,000	\$	15,000,000	100%	\$ 14,600,000	15.80	\$ 230,680	\$	-	100.0%	\$	230,680	\$	230,680			
10	2017-2018	\$	600,000	\$	15,600,000	100%	\$ 15,000,000	15.80	\$ 237,000	\$	-	100.0%	\$	237,000	\$	237,000			
11	2018-2019			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
12	2019-2020			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
13	2020-2021			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
14	2021-2022			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
15	2022-2023			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
16	2023-2024			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
17	2024-2025			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
18	2025-2026			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
19	2026-2027			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
20	2027-2028			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
21	2028-2029			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
22	2029-2030			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
23	2030-2031			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
24	2031-2032			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
25	2032-2033			\$	15,600,000	100%	\$ 15,600,000	15.80	\$ 246,480	\$	-	100.0%	\$	246,480	\$	246,480			
26	2033-2034																		
27	2034-2035																		
Cumulative Avg. Annual NPV		\$	15,600,000				\$ 13,948,000		\$ 5,509,460	\$	-		\$	5,509,460	\$	5,509,460			
			6%						\$ 220,378	\$	-		\$	220,378	\$	220,378			
									\$2,619,914					\$2,619,914		\$2,619,914			

ASSUMPTIONS

Years in projection 25
Mill Rate (per thousand) 15.80
Original Assessed Valuation
Years 26&27 shown for Tax Shift purposes only

Town of Naples
Route 302 Corridor Municipal Development and TIF District

Exhibit 1

		State/County Projected Tax Shift			
		EPS Education Shift	Revenue Sharing Shift	County Tax Shift	Total Tax Shift
base	2007-2008				
1	2008-2009	\$ -	\$ (0)	\$0	\$ (0)
2	2009-2010	\$ -	\$ 0	\$0	\$ 0
3	2010-2011	\$ 57,288	\$ 4,202	\$4,544	\$ 66,033
4	2011-2012	\$ 57,288	\$ 4,202	\$4,857	\$ 66,347
5	2012-2013	\$ 68,076	\$ 4,981	\$6,170	\$ 79,227
6	2013-2014	\$ 68,076	\$ 4,981	\$6,596	\$ 79,653
7	2013-2015	\$ 89,280	\$ 6,502	\$9,246	\$ 105,028
8	2015-2016	\$ 92,256	\$ 6,715	\$10,214	\$ 109,184
9	2016-2017	\$ 98,952	\$ 7,192	\$11,711	\$ 117,854
10	2017-2018	\$ 101,928	\$ 7,403	\$12,895	\$ 122,226
11	2018-2019	\$ 108,624	\$ 7,878	\$14,690	\$ 131,192
12	2019-2020	\$ 111,600	\$ 8,089	\$16,134	\$ 135,822
13	2020-2021	\$ 116,064	\$ 8,404	\$17,937	\$ 142,405
14	2021-2022	\$ 116,064	\$ 8,404	\$19,175	\$ 143,642
15	2022-2023	\$ 116,064	\$ 8,404	\$20,498	\$ 144,966
16	2023-2024	\$ 116,064	\$ 8,404	\$21,912	\$ 146,380
17	2024-2025	\$ 116,064	\$ 8,404	\$23,424	\$ 147,892
18	2025-2026	\$ 116,064	\$ 8,404	\$25,041	\$ 149,509
19	2026-2027	\$ 116,064	\$ 8,404	\$26,769	\$ 151,237
20	2027-2028	\$ 116,064	\$ 8,404	\$28,616	\$ 153,084
21	2028-2029	\$ 116,064	\$ 8,404	\$30,591	\$ 155,059
22	2029-2030	\$ 116,064	\$ 8,404	\$32,702	\$ 157,170
23	2030-2031	\$ 116,064	\$ 8,404	\$34,958	\$ 159,426
24	2031-2032	\$ 116,064	\$ 8,404	\$37,371	\$ 161,839
25	2032-2033	\$ 116,064	\$ 8,404	\$39,949	\$ 164,417
26	2033-2034	\$ 116,064	\$ 8,404	\$42,706	\$ 167,174
27	2034-2035	\$ 116,064	\$ 8,404	\$45,653	\$ 170,121
Cumulative		\$ 2,594,328	\$ 188,202	\$ 544,357	\$ 3,326,887
Avg. Annual		\$ 103,773	\$ 7,528	\$ 21,774	\$ 133,075
NPV					

TAX SHIFT FORMULAS

Creation of tax increment financing development district affects a municipality's state education subsidies, state revenue sharing, and county taxes, each of which uses municipal valuation as a basis for calculation. The statute allowing the creation of affordable housing development districts refers to this effect as "tax shifts." Presented below are the formulas used in the calculation of each of these tax shifts resulting from the creation of the **Town of Naples Route 302 Corridor Municipal Development and Tax Increment Financing District**.

STATE EDUCATION SUBSIDY TAX SHIFT

The current state education subsidy formula based on the Essential Programs and Services approach is adjusted each year that the district is in effect to include the increased valuation within the municipality based on the annual Captured Assessed Value (CAV). All other factors affecting the subsidy calculation are held constant. The difference in the actual education subsidy and the adjusted education subsidy represents the projected state education subsidy tax shift for that year.

STATE REVENUE SHARING TAX SHIFT

To determine the state revenue sharing tax *shift*, we collected the following information (available from the office of the Maine State Treasurer and at <http://www.maine.gov/treasurer/revenue.htm>):

1. Projected total municipal revenue sharing pool for the current fiscal year;
2. The Town of Naples's "current factor;"
3. The Town of Naples's "computed number," and the three figures used to calculate the current computed number: The Town of Naples's population, local assessment, and State valuation;

With this information in hand, we proceeded through the steps outlined below:

- **STEP ONE**
Calculate the *Aggregate Computed Number*:

$$\frac{\text{Computed Number}}{\text{Current Factor}}$$

- **STEP TWO**
Calculate the *Adjusted Local Computed Number*: (CAV=Captured Assessed Value)
Municipal Population x Local Assessment
State Local Valuation + Projected Annual CAV

- **STEP THREE**

Calculate the *Adjusted Aggregate Computed Number*:

$$\text{Aggregate Computed Number} - \text{Computed Number} + \text{Adjusted Local Computed Number}$$

- **STEP FOUR**

Calculate the *State's Adjusted Current Factor*:

$$\frac{\text{Adjusted Local Computed Number}}{\text{Adjusted Aggregate Computed Number}}$$

- **STEP FIVE**

Calculate *Municipality's Current Projected Revenue Sharing*:

$$\text{Projected Total Municipal Revenue Sharing Pool} \\ \times \text{Municipality's Adjusted Current Factor}$$

- **STEP SIX**

Calculate the *Projected Municipal Revenue Sharing for each year*:

$$\text{Step 5 in given TIF District year} - \text{Step 5 in the Base Year}$$

This process was repeated for each year's Projected Annual CAV.

Note that the Projected Municipal Revenue Sharing calculation for the base year should be the same as the Municipality's Current Projected Revenue Sharing.

COUNTY TAX SHIFT

We determined the county tax shift by obtaining information from Maine Revenue Services and from the Cumberland County offices.

From Maine Revenue Services, we obtained the most recent State County Valuation and the State Local Valuation. From the Cumberland County offices, we obtained the County Tax Levy and the County budget for the current year and five or more years past.

- **STEP ONE**

Calculate the *Current Municipal Percent of County Value*:

$$\frac{\text{Current State Local Valuation}}{\text{Current State County Valuation}}$$

- **STEP TWO**

Calculate the *Projected County Budget*:

Using the current County budget and historic County budgets, calculate the average

annual increase in the county budget. Using the average annual increase, project the annual budget for each year of the TIF District.

- **STEP THREE**

Calculate the Municipal Share of County Tax without CAV (Captured Assessed Value):

Current Percent of County Value x Projected County Budget

- **STEP FOUR**

Adjust the projected State County Valuation and the State Municipal Valuation to include the projected CAV.

- **STEP FIVE**

Using values from Step Four, calculate the Adjusted Municipal Percent of County Value.

- **STEP SIX**

Calculate the average Municipality Share of County Tax with the CA V:

Adjusted Municipal Percent of County Value x Projected County Budget

- **STEP SEVEN**

Calculate the County Tax Shift:

Municipal Share of County Tax with CAV — Municipal Share of County
Tax without CAV

This process was repeated for each year's Projected Annual CAV.