

**ECONOMIC DEVELOPMENT
NAPLES, MAINE**

*An Application for a Downtown & Waterfront Municipal Development
and Tax Increment Financing District*

**TOWN OF NAPLES
DOWNTOWN & WATERFRONT 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 Downtown & Waterfront Tax Increment Financing District, encompassing approximately 394.06 acres. The downtown area represents the central Village business district, while the waterfront area represents a combination of both public and private structures and land, and open public spaces, including the shorelines of Long Lake and Brandy Pond; both are integral to the vitality of the Town’s economy.

The Town of Naples, Maine lays in southwestern Maine on the north shore of Sebago Lake. In the 1800’s, Naples was a major stopping point for goods (logging, farming) and people traveling to Portland or inland. But as the Industrial Age brought more desirable forms of conveyance, Naples began to evolve as a tourism destination and location for summer residences, both due to the Town’s pristine location at the heart of the Lakes Region.

That heritage continues today. Additionally, Naples has become known as a ‘bedroom community’ for workers from the Greater Portland employment market. The year-round population is estimated to be approximately 3,500; though at the peak of the summer season, the population is said to swell to more than 12,000. Yet only 19% of employed residents work in Naples, many for small businesses, and several more are self-employed. Most businesses are visitor oriented; the major sources for covered employment are the service and retail sectors, many of which are clustered in the proposed TIF District. The goals, objectives, policies and strategies of the Comprehensive Plan seek to retain and expand this critical segment of the local economy.

The proposed Downtown & Waterfront TIF District will support community development objectives by:

- Promoting an economic climate that increases job opportunities and overall economic well-being;
- 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 redevelop the downtown and waterfront, it is imperative to leverage investments that occur within the TIF District to provide incentive for other downtown and waterfront development.

With the creation of the Town of Naples Downtown & Waterfront 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 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 majority of TIF revenues will be used for implementation of the Town development program for public infrastructure in support of the Village District and Causeway areas. The purpose of the TIF is to provide funds for the Town to implement the municipal investment priorities identified for the Village District and Causeway areas in the Town of Naples Comprehensive Plan. 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 properties to be redeveloped, will stimulate new businesses and employment opportunities, and encourage new development and infrastructure to be constructed. 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 \$4.5 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 \$6.5 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 facility and infrastructure projects within the designated District, to include, but not be limited to, evaluation, redesign and development of public facilities that 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.		
	A.	Public Facilities
		Provide adequate public restroom/changing room facilities in Village District and at public recreation sites within TIF district
		Improve existing public boat launches and docking facilities
		Expand the number of public boat launches and docking facilities
		Where appropriate, dredge waterways to provide increased access to recreational areas
		Provide improved public picnic areas
		Establish Visitors Information Center
	B.	Land Development and Acquisition
		Develop available town land to ensure adequate public open space and public access for visitors and residents
		Acquire new land to ensure adequate public open space and public access for visitors and residents
		Acquire new land to ensure adequate public parking for visitors and residents
	C.	Pedestrian Improvements
		Install sidewalks within Village District to encourage development of sidewalk network through Village District and surrounding growth areas
	D.	Parking Improvements
		Provide adequate and safe public on and off-street parking in Village District and Causeway area
		Provide Park and Ride Lot to support new Lakes Region shuttle bus
		Provide bicycle racks and related amenities in Village District and

	Causeway area
E.	Streetscape/Landscape Improvements
	Install decorative lighting within district
	Plant trees, other plantings within district.
	Install benches at appropriate locations within district
	Install, update or replace informational/directional signage to be consistent in design and materials
F.	Traffic Improvements
	Implement traffic calming measures where appropriate
	Implement improved traffic signalization where appropriate
G.	Building Improvements
	Establish Façade Improvements matching grant program to support private sector investment with appropriate incentives to preserve structures of historic and cultural significance
H.	Infrastructure Improvements
	Where appropriate, construction of public water, sewer, telecommunications and power systems to leverage private sector investment and job creation
I.	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
J.	Planning
	Update Village Design Study to establish design standards for Village District and Causeway area
	Conduct Village Parking Study to identify expanded parking opportunities in the Village and Causeway area
	Conduct tourism expansion study to quantify economic importance of tourism and estimate Naples's four-season tourism potential
	If feasible, create extended season tourism development plan
K.	Economic Development
	Establishment and support of Downtown Manager or other staff dedicated to economic development.
	Events/festival support and promotion/marketing.
	Credit Enhancement Agreements
	Revolving loan fund
	Consultant services in support of economic development

		Employment training for residents not to exceed 20% of total project costs
	L.	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 Downtown & Waterfront 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 redevelop the downtown and waterfront area, it is imperative to leverage investments that occur within the TIF District to provide for other downtown and waterfront 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 Downtown & Waterfront 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 **394.06** acres of the area in the downtown and waterfront area of Naples, Maine. The downtown area represents the central Village business district, while the waterfront area represents a combination of both public and private structures and land, and open public spaces, including the shorelines of Long and Brandy Lakes, and is integral to the vitality of the Town’s economy.

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 **\$23,664,080** 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:	394.06 acres
C. Percent of line B of line A (cannot exceed 2% - DT TIF exempt form 2% limitation):	0.019%
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	75%
3. Acreage suitable for commercial sitting	25%

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 \$4.5 million. These investments are estimates to support and attract more than \$6.5 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 Town 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	\$42,408	\$1,060,200
County Tax	\$9,046	\$226,146
State/Municipal Revenue Sharing	\$3,117	\$77,936
TOTAL ALL TAX SHIFTS	\$54,571	\$1,364,281

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: \$23,664,080 (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: 3.4%
 - 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
Downtown and Waterfront Municipal Development and TIF District

Exhibit 1

		Estimated Annual Investment		Projected Cumulative Investment		Annual Assessed Value Retained							
		Real Estate				Retained	\$ Amount	Mil Rate	Gross New Taxes	New General Fund	Town TIF %	Town TIF Revenues	Total Town Revenues
base	2007-2008	\$	1,300,000	\$	1,300,000								
1	2008-2009			\$	1,300,000	100%	\$ 1,300,000	15.80	\$ 20,540	\$ -	100.0%	\$ 20,540	\$ 20,540
2	2009-2010			\$	1,300,000	100%	\$ 1,300,000	15.80	\$ 20,540	\$ -	100.0%	\$ 20,540	\$ 20,540
3	2010-2011	\$	800,000	\$	2,100,000	100%	\$ 1,300,000	15.80	\$ 20,540	\$ -	100.0%	\$ 20,540	\$ 20,540
4	2011-2012	\$	4,400,000	\$	6,500,000	100%	\$ 2,100,000	15.80	\$ 33,180	\$ -	100.0%	\$ 33,180	\$ 33,180
5	2012-2013			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
6	2013-2014			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
7	2013-2015			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
8	2015-2016			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
9	2016-2017			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
10	2017-2018			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
11	2018-2019			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
12	2019-2020			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
13	2020-2021			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
14	2021-2022			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
15	2022-2023			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
16	2023-2024			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
17	2024-2025			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
18	2025-2026			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
19	2026-2027			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
20	2027-2028			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
21	2028-2029			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
22	2029-2030			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
23	2030-2031			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
24	2031-2032			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
25	2032-2033			\$	6,500,000	100%	\$ 6,500,000	15.80	\$ 102,700	\$ -	100.0%	\$ 102,700	\$ 102,700
26	2033-2034												
27	2034-2035												
Cumulative		\$	6,500,000					\$	2,251,500	\$ -		\$ 2,251,500	\$ 2,251,500
Avg. Annual NPV							\$ 5,700,000	\$	90,060	\$ -		\$ 90,060	\$ 90,060
			6%						\$1,038,170			\$1,038,170	\$1,038,170

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
Downtown and Waterfront 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	\$ 9,672	\$ 717	\$767	\$ 11,156
4	2011-2012	\$ 9,672	\$ 717	\$820	\$ 11,209
5	2012-2013	\$ 9,672	\$ 717	\$877	\$ 11,266
6	2013-2014	\$ 15,624	\$ 1,156	\$1,514	\$ 18,295
7	2013-2015	\$ 48,360	\$ 3,554	\$5,009	\$ 56,923
8	2015-2016	\$ 48,360	\$ 3,554	\$5,355	\$ 57,269
9	2016-2017	\$ 48,360	\$ 3,554	\$5,724	\$ 57,638
10	2017-2018	\$ 48,360	\$ 3,554	\$6,119	\$ 58,033
11	2018-2019	\$ 48,360	\$ 3,554	\$6,542	\$ 58,455
12	2019-2020	\$ 48,360	\$ 3,554	\$6,993	\$ 58,907
13	2020-2021	\$ 48,360	\$ 3,554	\$7,476	\$ 59,389
14	2021-2022	\$ 48,360	\$ 3,554	\$7,992	\$ 59,905
15	2022-2023	\$ 48,360	\$ 3,554	\$8,543	\$ 60,457
16	2023-2024	\$ 48,360	\$ 3,554	\$9,133	\$ 61,046
17	2024-2025	\$ 48,360	\$ 3,554	\$9,763	\$ 61,676
18	2025-2026	\$ 48,360	\$ 3,554	\$10,436	\$ 62,350
19	2026-2027	\$ 48,360	\$ 3,554	\$11,157	\$ 63,070
20	2027-2028	\$ 48,360	\$ 3,554	\$11,926	\$ 63,840
21	2028-2029	\$ 48,360	\$ 3,554	\$12,749	\$ 64,663
22	2029-2030	\$ 48,360	\$ 3,554	\$13,629	\$ 65,543
23	2030-2031	\$ 48,360	\$ 3,554	\$14,570	\$ 66,484
24	2031-2032	\$ 48,360	\$ 3,554	\$15,575	\$ 67,489
25	2032-2033	\$ 48,360	\$ 3,554	\$16,650	\$ 68,564
26	2033-2034	\$ 48,360	\$ 3,554	\$17,799	\$ 69,713
27	2034-2035	\$ 48,360	\$ 3,554	\$19,027	\$ 70,941
	Cumulative	\$ 1,060,200	\$ 77,936	\$ 226,146	\$ 1,364,281
	Avg. Annual	\$ 42,408	\$ 3,117	\$ 9,046	\$ 54,571
	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 Downtown & Waterfront 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.