



# The Town of Naples, Maine

## Proposed Municipal Development & Tax Increment Financing Districts

Downtown & Waterfront District

and

Route 302 Corridor District

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# What is Tax Increment Financing, and how does it work?

The State Legislature enacted a law in 1977 to allow local governments to use Tax Increment Financing (TIF) as an incentive for economic development in Maine communities. **TIF is a financing mechanism** from which a portion or entirety of new property taxes generated by new business investment can be used to **support job creation, job retention, and the enhancement of public facilities.**

Around 250 TIF's have been established across the State over the last 30 years, bringing new investment and creating or preserving jobs in nearly 100 Maine towns and cities.

A TIF District is a specific geographic area identified for commercial growth and expansion. A Development Program states the benefits and public purpose of the improvement projects to be undertaken. A Financial Plan details the funding mechanism to support the improvements and establishes duration of the program (up to 30 years).

Though all TIF's require the final approval of the State of Maine Department of Economic and Community Development (DECD), **all decisions regarding the establishment of TIF Districts and the expenditure of TIF funds on approved projects are local.**

## What are the benefits?

As noted above, TIF's give local governments a tool to compete for new business investment in a highly competitive environment. Businesses, even small ones, tend to invest in communities where there is public infrastructure that meets their needs. Communities that do not invest in themselves rarely retain or attract businesses. Through TIF's, using new revenues that do not draw from existing town funds, infrastructure can be enhanced or created, and businesses can be supported as they create new jobs and new taxable value in your community.

As an example, a TIF may support the extension of a water or sewer line to a new office building or manufacturing facility, or help pay for a piece of equipment that will create new jobs. TIF's can offset a portion of the developer's project financing, like the extra costs that come with rehabilitating historic properties. TIF's can also support the same activities for existing local businesses that are expanding and investing in their home community.

TIF's aren't only a business incentive. In fact, sometimes the business receives no TIF funding at all. Communities are often the recipient of TIF funds to support construction of public facilities (like utilities, or even a parking lot) that support economic development, or new sidewalks and decorative lighting in the downtown. Funds can also support planning studies, or staff time related to economic development programming. Towns and cities can also decide to establish revolving loan funds and façade improvement programs to support the growth of their local business community.

There's a final, and often overlooked, TIF benefit to communities. When new business investment occurs, it naturally causes an increase in a community's total valuation. Sounds good, right? Not necessarily, at least when it comes to county taxes, school funding, and state revenue sharing. The higher the valuation, the higher the county tax, and the lesser your share of state revenues and school appropriations.

However, this increased valuation can be "sheltered" from county and state funding formulas if it occurs within a TIF District. One of the key features of a TIF is that it allows the municipality to shelter the new valuation from the calculations of State revenue sharing, State education subsidy and County tax assessment.

	<b>New Investment =</b>
↑	<b>Municipal Valuation</b>
↓	<b>State Revenue Sharing</b>
↓	<b>State Education Funding</b>
↑	<b>County Taxes</b>
<hr/>	
	<b>New investment in a TIF District can be 'sheltered' from state and county calculations, preventing a reduction in state revenues and an increase in county tax.</b>

## What are the risks?

They are limited, and entirely at the community's discretion. First, the Town will continue to receive all taxes on the original valuation of all district properties, which will go to the General Fund to support Town operations as they always have. Only new property taxes generated by new investment will go to support the improvement projects detailed in the TIF

Development Plan. At the end of the approved TIF program, the full valuation of the property will go to the General Fund.

It's important to remember that the Town is not obligated to fund any particular project, and unless the Town chooses to issue general obligation debt, it can opt to make municipal investments only when sufficient new taxes are generated to pay for a project.

## Why a TIF for Naples?

The Town of Naples Comprehensive Plan, adopted by voters in 2005 and amended in 2006, identified a series of targeted public investments to stabilize and expand the local service, retail and tourism economy and better the overall quality of life in Naples for the benefit of visitors, summer residents and year-round residents alike.

Presently, the Town is poised for a series of projected private sector investments in two key commercial districts that present the opportunity to fund the public investments/projects without raising taxes or using other municipal funds.

As much as \$15 million in new investment is projected to occur in the Route 302 corridor over the next ten years, and the new taxes generated there can be used to support business growth and public improvements in that proposed district, as well as in another district proposed for the Naples Village & Causeway area ("Downtown & Waterfront"), which is also projected to see more than \$6 million in new investment over the next decade. State laws establishing 'downtown TIF's' allow, in certain instances, funding generated by other TIF districts to be directed to projects that support economic growth and quality of place in Maine's downtowns. Therefore, the Town of Naples seeks to establish TIF districts in each of those important economic areas, so that the economic goals and objectives of the Town's Comprehensive Plan can be met.

## How much funding will be available?

Private investment in the Route 302 Corridor is projected to be in excess of \$15 million over the next ten years, which, at the current mil rate of \$15.80, would generate \$5.4 million in project revenues with a 25 year TIF capturing 100% of the taxes on the new investment.

In the Village & Causeway area, new private investment of \$6.5 million is projected to generate \$2.2 million in project revenues over 25 years at 100%.

### Projected Investment and TIF Revenues for Proposed Districts

Route 302 Corridor Investment \$15.6M / 10 yrs.

Route 302 Revenues \$5.4m/25 yr. TIF

Downtown & Waterfront Investment \$6.5M/10 yrs.

Downtown & Waterfront Revenues \$2.2M/25 yr. TIF

*Based on  
current mil  
rate of  
\$15.80*

## What properties will be included in the districts?

The Proposed Route 302 Corridor Municipal Development and Tax Increment Financing District will include various properties abutting or immediately adjacent to Route 302 beginning at approximately the point where Route 35 meets Route 302 and continuing east along both sides of the roadway to approximately the point where Songo School Road meets Route 302.

The Proposed Downtown & Waterfront Municipal Development and Tax Increment Financing District will include various properties abutting or immediately adjacent to Route 302 beginning at where Route 35 meets Route 302 and continuing west along both sides of the roadway to the point where Van Dyke Road meets Route 302, and various properties abutting or immediately adjacent to Route 114 beginning at the point where Route 114 meets Route 302, and continuing south along both sides of the roadway until the point where Route 114 and State Park Road meet. See attached handout.

## Downtown & Waterfront (Village and Causeway area) Municipal Development and Tax Increment Financing District Plan

What is the Plan?

### ◆ 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.

### ◆ 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.

### ◆ Pedestrian Improvements

- \* Install sidewalks within Village District to encourage development of sidewalk network through Village District and surrounding growth areas.

### ◆ 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.

### ◆ Traffic Improvements

- \* Implement traffic calming measures where appropriate.
- \* Implement improved traffic signalization where appropriate.

### ◆ 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.

### ◆ Building Improvements

- \* Establish Façade Improvements matching grant program to support private sector investment with appropriate incentives to preserve structures of historic and cultural significance.

### ◆ Infrastructure Improvements

- \* Where appropriate, construction of public water, sewer, telecommunications and power systems to leverage private sector investment and job creation.

### ◆ Other Improvements

- \* Public Safety equipment and/or maintenance made necessary by the establishment of the District.
- \* Public Safety equipment and/or maintenance made necessary by the establishment of the District.

### ◆ 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.

### ◆ 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 project costs.

### ◆ Administration

- \* Staff time for TIF administration.
- \* Consultant services in support of planning and TIF administration.

## Route 302 Corridor Municipal Development and Tax Increment Financing District Plan

### Municipal Investments Within the District

#### ◆ Pedestrian Improvements

- \* Extend Village District sidewalk network to the Route 302 commercial corridor, from Route 35 to Sand Road.
- \* Install decorative lighting within district.

#### ◆ Traffic & Transportation Improvements

- \* Implement traffic calming measures where appropriate.
- \* Implement improved or new traffic signalization where appropriate

#### ◆ Streetscape/Landscape Improvements

- \* Plant trees, other plantings within district.

#### ◆ Infrastructure Improvements

- \* Where appropriate, consider construction of public water, sewer, telecommunications and power systems to leverage private sector investment and job creation.
- \* Support business park development where appropriate.

### Community-Wide Investments

#### ◆ 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.

#### ◆ Other Improvements

- \* Public Safety equipment and/or maintenance made necessary by the establishment of the District.
- \* Public Safety equipment and/or maintenance made necessary by the establishment of the District.

#### ◆ Economic Development

- \* Credit Enhancement Agreements.
- \* Revolving Loan Fund.
- \* Marketing.
- \* Staff time relative to economic development.
- \* Consultant support relative to economic development planning.
- \* Employment training for residents, not to exceed 20% of total project costs.

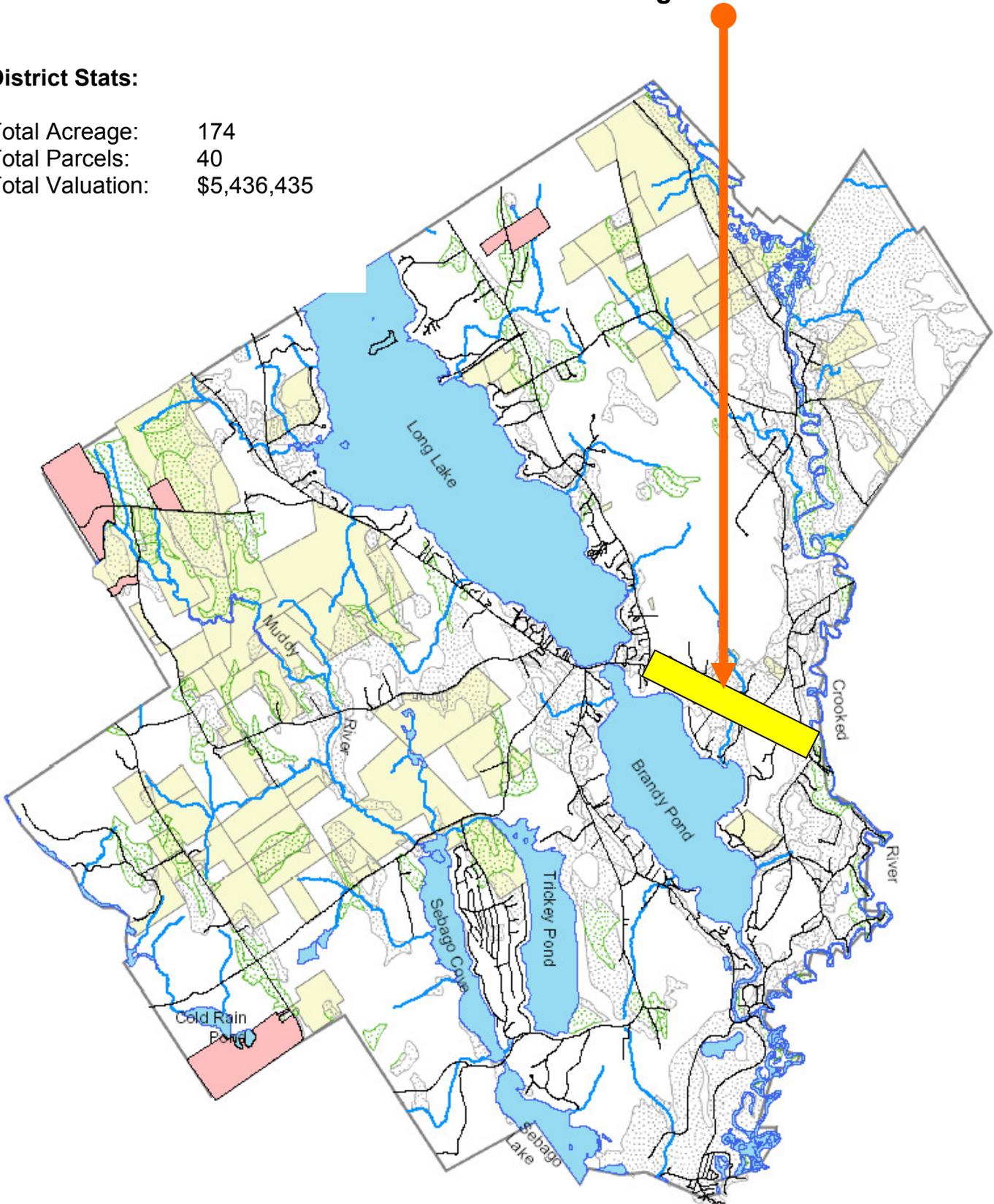
#### ◆ TIF Administration

- \* Staff time for TIF administration
- \* Consultant services

# Location of Proposed Route 302 Corridor Municipal Development and Tax Increment Financing District

## District Stats:

Total Acreage: 174  
Total Parcels: 40  
Total Valuation: \$5,436,435



The Proposed Route 302 Corridor Municipal Development and Tax Increment Financing District will include various properties abutting or immediately adjacent to Route 302 beginning at where Route 35 meets Route 302 and continuing east along both sides of the roadway to approximately the point where Songo School Road meets Route 302.

## Proposed Route 302 Corridor Municipal Development and Tax Increment Financing District—Property Inventory

Parcel	Map and Lot	Acreage	Parcel	Map and Lot	Acreage
1	U03 -0018	3.7	21	U05 -0021	1.94
2	U03 -0019	15	22	U05 -0022	1.42
3	U03 -0021	9.5	23	U05 -0023	3.30
4	U04 -0002	15.48	24	U05 -0024-0001	8.63
5	U04 -0002-A	4.96	25	U05 -0024-0002	15.05
6	U04-0002-B	1.27	26	U05 -0024-0003	0.92
7	U04 -0003	3.6	27	U05 -0025	1.6
8	U04 -0010	11	28	U05 -0026	0.85
9	U04 -0010-A	1.4	29	U06 -0001	2.25
10	U04 -0010-B	0	30	U06 -0002	3.4
11	U05 -0007	0.89	31	U06 -0003	0.31
12	U05 -0008	0.4	32	U06 -0004	0.64
13	U05 -0009	0.34	33	U06 -0007	1.88
14	U05 -0010	8.6	34	U06 -0031	1.5
15	U05 -0011	1	35	U06-0031A	1.51
16	U05 -0011-A	1	36	U06 -0032	0.47
17	U05 -0012	5	37	U06 -0033	2.5
18	U05 -0012-A	1.05	38	U10 -0001	20.00
19	U05 -0017	0.52	39	U10 -0045-0003	2.65
20	U05 -0018	0.41	40	U11 -0010	18.00

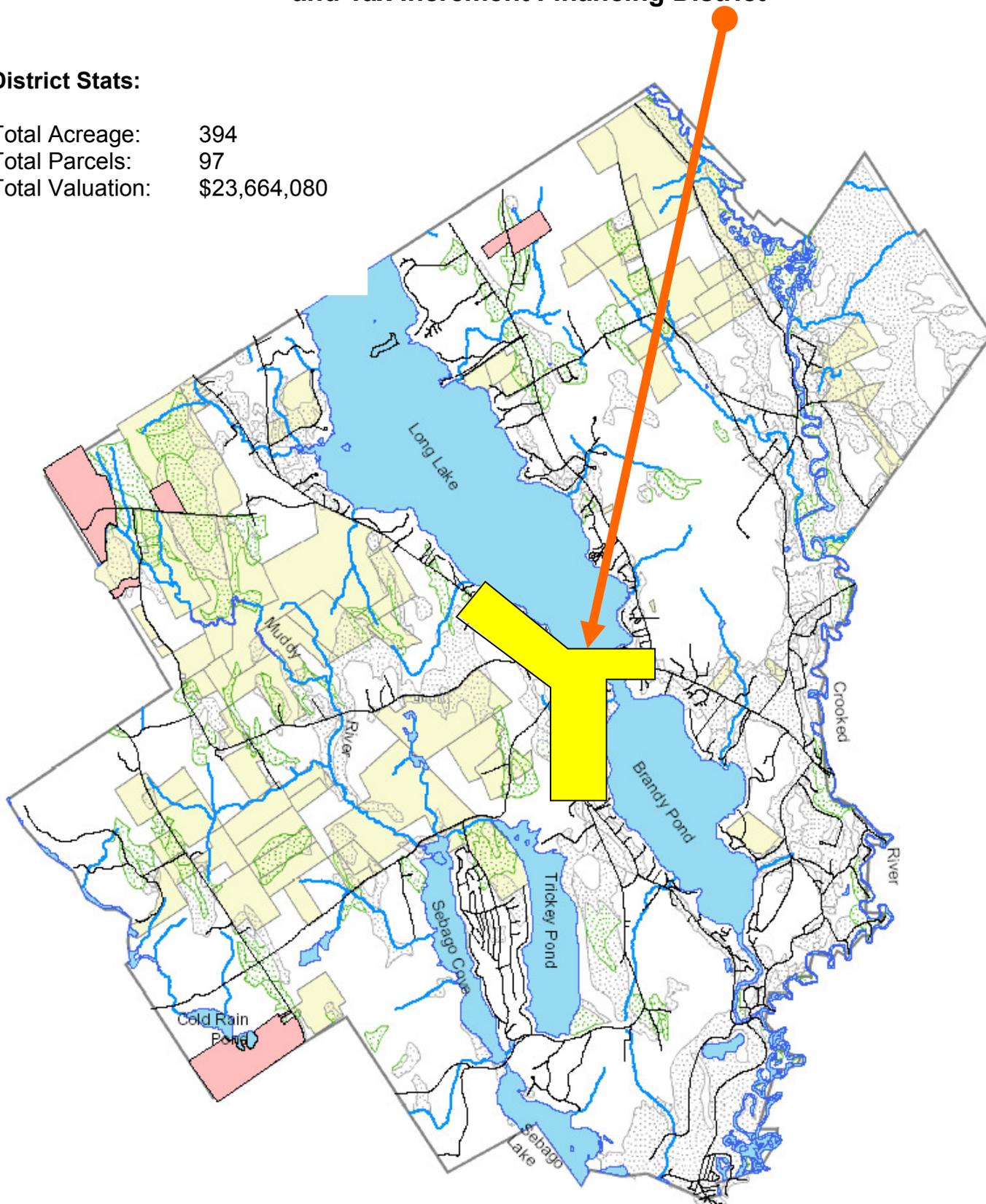
**173.94 Acres over 40 parcels**  
**\$5,436,435 Total Valuation as of 3/31/07**

The Proposed Route 302 Corridor Municipal Development and Tax Increment Financing District will include various properties abutting or immediately adjacent to Route 302 beginning at approximately the point where Route 35 meets Route 302 and continuing east along both sides of the roadway to approximately the point where Songo School Road meets Route 302.

# Location of Proposed Downtown & Waterfront Municipal Development and Tax Increment Financing District

## District Stats:

Total Acreage: 394  
Total Parcels: 97  
Total Valuation: \$23,664,080



The Proposed Downtown & Waterfront Municipal Development and Tax Increment Financing District will include various properties abutting or immediately adjacent to Route 302 beginning at where Route 35 meets Route 302 and continuing west along both sides of the roadway to the point where Van Dyke Road meets Route 302, and various properties abutting or immediately adjacent to Route 114 beginning at the point where Route 114 meets Route 302, and continuing south along both sides of the roadway until the point where Route 114 and State Park Road meet.

## Proposed Downtown & Waterfront Municipal Development and TIF District—Property Inventory

Parcel	Map and Lot	Acreage	Parcel	Map and Lot	Acreage	Parcel	Map and Lot	Acreage	Parcel	Map and Lot	Acreage
1	U01 -0001	1.23	26	U02 -0013	0.45	51	U25 -0010	0.77	76	U26 -0005	67.58
2	U01 -0001-ON	0	27	U02 -0022	2.25	52	U25 -0011	0.67	77	U33 -0007	4.7
3	U01 -0002	0.17	28	U02 -0022-A	1.00	53	U25 -0012	0.00	78	U33 -0007-A	3.04
4	U01 -0003	3.3	29	U02 -0023	2.25	54	U25 -0013	0.75	79	U33 -0008	0.55
5	U01 -0003-A	0.36	30	U02 -0024	9	55	U25 -0014	0.40	80	U33 -0009	0.9
6	U01 -0003-ON	0	31	U02 -0025	0.95	56	U25 -0016	0.31	81	U33 -0010	0.73
7	U01 -0004	0.98	32	U02 -0037-0001	13	57	U25 -0017	0.56	82	U33 -0011	2.09
8	U01 -0004-ON	0	33	U02-0038	1	58	U25 -0018	3.28	83	U33 -0012	7.4
9	U01 -0005	2.00	34	U02-0039	0.8	59	U25 -0023-A	5.50	84	U33 -0013	4.7
10	U01 -0006	1.21	35	U03 -0023	11.00	60	U25 -0028	70	85	U33 -0014	2.94
11	U01 -0007	25	36	U23 -0001	4.00	61	U25 -0029	0.68	86	U33 -0036	1.16
12	U01 -0008	0.63	37	U23 -0002	1.58	62	U25 -0030	0.22	87	U33 -0037	1.86
13	U01 -0010	0.16	38	U23 -0003	19.05	63	U25 -0031	0.32	88	U33 -0038	0.53
14	U01 -0011	0.5	39	U23 -0025	0.16	64	U25 -0032	0.85	89	U33 -0039	0.24
15	U01 -0013	7.4	40	U24 -0001	47.10	65	U25 -0033	0.24	90	U33 -0040-0001	0.28
16	U01 -0014	5.30	41	U24 -0002	0.00	66	U25 -0034	1.25	91	U33 -0040-0002	0.28
17	U01 -0015	2.94	42	U24 -0002-A	0.30	67	U25 -0035	0.56	92	U33 -0040-0003	0.19
18	U01 -0015-A	1.25	43	U25 -0001	1.60	68	U25 -0036	0.2	93	U33 -0040-0004	0.22
19	U01 -0015-B	1.00	44	U25 -0003	0.46	69	U25 -0037	1.32	94	U33 -0040-0005	0.28
20	U01 -0016	0.9	45	U25 -0004	3.00	70	U25 -0038	1.79	95	U33 -0040-0006	0.28
21	U01 -0017	0.27	46	U25 -0005	0.96	71	U25 -0039	0.3	96	U33 -0040-0007	0.34
22	U02 -0007	0.24	47	U25 -0006	0.28	72	U25 -0040	2	97	R05 -0010	14.00
23	U02 -0008	0.37	48	U25-0007	1.70	73	U25 -0041	2.4	<b>394.06 Acres over 97 parcels</b> <b>\$23,664,080</b> <b>Total Valuation as of 3/31/07</b>		
24	U02 -0009	0.25	49	U25 -0008	1.04	74	U25 -0042-B	1.6			
25	U02 -0010	1.51	50	U25 -0009	1.10	75	U25 -0042-C	2.8			