

## MEMO- TIF Renewal

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**Date:** 11.17.2022

**For questions, contact:**

Amber Lambke, Chair 629.7182, [amber@mainegrains.com](mailto:amber@mainegrains.com)

**From:** Skowhegan's Tax Increment Financing District (TIF) Oversight Committee

**To:** Skowhegan Board of Selectman

### **TIF Oversight Committee (7) Members:**

Amber Lambke, Chair, Local Business, Member of the Public

Vicki Alward, Secretary, Somerset Economic Development

Chuck Robbins, Selectman

Travis Works, Skowhegan Area Chamber of Commerce

Billy Finley, Skowhegan Economic Development

Zachary Daigle, Main Street Skowhegan

Christine Almand, Town Manager

### **WHAT IS TIF?**

Tax Increment Financing (TIF) is a State sanctioned economic development incentive tool that allows municipalities to use new property taxes that result from commercial investment projects within a designated district and dedicate them to economic development activities within that district. In accordance with state law, TIF districts may be designated for a period of up to 30 years. The town of Skowhegan and the State of Maine, Department of Economic and Community Development (DECD), must approve TIF's. There are several different kinds of TIF programs- this one is part of the state's Downtown TIF Program. Hundreds of communities across Maine take advantage of the TIF program to make community improvements and attract new business from Caribou to Biddeford to Rumford, Machias.

### **CURRENT STATUS**

Skowhegan's current TIF, established in 2006, was renewed in 2017 and expires in 2036.

The TIF Oversight Committee has been tasked with promoting the Downtown TIF and make funding recommendations to the Board of Selectmen.

Since 2006, when this TIF was established, property values in the district have increased by \$6,071,175 resulting in the capture of \$1,109,252.11 new tax dollars. These TIF funds have been used thus far for town development projects such as: meeting match requirements for the municipal parking lot renovation and the Skowhegan River Park environmental study, making physical improvements the riverfront walking trails, purchasing security cameras to help protect downtown businesses, renovating retail and manufacturing space to launch Crooked Face Creamery, building renovations to State Farm Insurance, Bigelow Brewing, Brickyard Hollow, a Water Street commercial rental property owned by Jason Cooke and for promoting the programs of the Maine Grain Alliance.

Current Downtown TIF expires 2035.

**WHY USE A TIF?**

The devaluation of SAPPI and resulting loss of tax revenue makes this a good time to be capturing taxes generated from improvement to the commercial district and strategically reinvesting those dollars in our local economic development priorities.

A TIF allows the Town to capture and use 100% of the tax resulting from increased property values in the district, sheltered from the State and County for a period of time. The TIF is a tool for making local improvements without using dollars from the general fund.

TIF capture is computed on the increased value of properties over the base valuation.

Strategic use of TIF funds can continue to leverage improvements to the municipal district, further attracting businesses, people and investment to Skowhegan.

**WHAT IS THE 'DISTRICT'?**

By law, TIF program activities must be confined to a municipalities' commercial district. The municipality has defined Tier 1, 2, and 3 district boundaries of the capital improvement district.

**HOW DOES IT WORK?**

Interested Applicants apply, following guidelines posted on the Town of Skowhegan website. Grants and loans may be requested. Tier 1 and 2 requests are capped at \$50,000, Tier 3 requests are capped at \$10,000.

TIF Oversight Committee meets regularly to review Applications and align decision making matrices with the TIF criteria.

TIF Oversight Committee provides recommendations on use of funds to the Board of Selectman.

Selectman make the final determination about funding applicant requests.

Skowhegan Economic Development Director performs follow up, financial oversight and disperses funds.