

**CITY OF CARIBOU
TAX INCREMENT FINANCING ORDINANCE**

Sec. 10-201 Tax Increment Financing Ordinance

The purpose of this section is to outline the standards utilized by the City of Caribou in considering applications for Tax Increment Financing (TIF) to enhance economic development within Caribou. The Council shall consider applications for TIF for development complying with the City's Comprehensive Plan thereby promoting growth through public-private partnerships with both existing and new business entities.

Economic development projects shall be considered when meeting any or all of the mutually exclusive following criteria:

- The Project would not occur but for the application of Tax Increment Financing
- The Project creates or retains employment opportunities within Caribou
- The Project significantly expands the City's tax base; or
- The Project expressly conforms to the type and quality of development defined within the Goals, Policies and Strategies of the Caribou Comprehensive Plan

Notwithstanding the above criteria, the creation of any and all TIF Agreements is a legislative act of the Caribou City Council with the approval of the Maine Department of Economic and Community Development and shall be made on a case-by-case basis. Tax Increment Financing is not a right under this ordinance or Maine Law and meeting these criteria should not be interpreted as creating any rights or entitlements relevant to any applications made for Tax Increment Financing.

10-202 Provisions

The following provisions shall apply when considering any and all applications for Tax Increment Financing (TIF). Applicants must meet all of the following applicable provisions pertaining to the type of Tax Increment Financing being sought and the type of taxable incremental development being captured under the TIF Agreement.

- A. The City of Caribou is able to create two types of TIF Agreements.
 1. The City may bond improvements to public infrastructure necessary to enhance the specific development project or to enhance other future development projects. Any such bond shall be retired using the captured incremental tax revenues created by the project. Bonding of such projects shall be considered for a maximum allowed by State law, 20 years as amended from time to time.
 2. The City may also establish a Credit Enhancement Agreement (CEA) as allowed by State law whereby the maximum credit shall be capped as the captured tax increment created by the project.
- B. The applicant must provide any and all documentation deemed necessary by the City to substantiate the TIF application and requirements pertaining thereto, preserving the City's economic wellbeing and planning criteria.

- C. Any Credit Enhancement Agreement will provide for a recapture of the benefits if the project should move to another municipality. Assignments will be allowed only for conventional, commercial financing purposes or where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant.
- D. Tax Increment Financing shall be revenue neutral, or better, to the City over the life of the TIF Agreement in both the cases of Bonding or Credit Enhancement Agreements.
- E. Supporting information that may be required such as invoices to support cost reimbursement proportional to the captured value. When required such documentation must be substantiated from non-affiliated entities.
- F. Any applicant may be obligated to apply for any State reimbursement programs for personal property and/or real estate taxes. The proceeds from such application will be returned to the City as part of the TIF process. Such funds when received shall be placed in an Economic Development Fund as approved and administered by the Council. The City will expend such funds in accordance with 30-A M.R.S.A. Section 5254, as amended from time to time.
- G. Tax Increment Financing Agreements of five years or less shall have highest preference by the City when structured as a Credit Enhancement Agreement (CEA). Projects involving Bonds for public infrastructure may be considered for the maximum time allowed by law (20 years), or as amended from time to time.
- H. The applicant shall provide documentation verifying the value of the fixed assets, being real and or personal property, as of the date of the acceptance of the TIF application. The City and applicant will agree upon the incremental tax value captured within the TIF application comparing the previous municipally assessed taxable value to the newly assessed taxable value. Agreement upon the incremental tax value captured under the TIF shall be part of the application process and consideration of said application by the Council.
- I. All applicants will be required to sign a Professional Fee Consent Form agreeing to reimburse the City for all outside professional costs, such as legal, accounting and advertising incurred as a result of the Tax Increment Financing proposal whether or not Tax Increment Financing is ultimately approved by both the City Council and the State of Maine Department of Economic and Community Development.
- J. The Applicant will agree to reimburse any additional out-of-pocket expenses incurred by the City in connection with the Tax Increment Financing proposal, whether or not Tax Increment Financing is approved by the City and State, e.g., expenses related to calling a Special Council Meeting, printed documents, travel, postage, etc.
- K. Upon the approval of any Tax Increment Financing, an annual Administrative Fee equal to 1% of the incremental taxes captured shall be charged to offset ongoing administrative charges related to the TIF Agreement.