

## Tax Increment Financing in Suffield

**BACKGROUND:** Through the efforts of the Connecticut Main Street Center, the Connecticut Chapter of the American Planning Association, the Connecticut Economic Development Association, and Pullman & Comley, LLC, Public Act No. 15-57 was adopted by the legislature in 2015 enhancing municipal use of tax increment financing. Under the legislation, creating TIF Districts is now a municipal option. We are currently pursuing a Town Center TIF District to encourage new investment in the area.

**WHAT IS TIF?:** Tax Increment Financing (“TIF”) is a financing tool that provides funds to construct public infrastructure, promote development and redevelopment opportunities, and expand future tax bases within a municipality. TIF uses anticipated future increases in property taxes to help finance projects within a tax increment financing district. Incremental property tax revenues of the Tax Increment District can be used to repay debt service on tax increment financing bonds or collected and segregated by the municipality and used to fund future projects within Tax Increment District on a pay-as-you-go basis. TIF can also be used to provide tax rebates to developers via a credit enhancement agreement (CEA) to encourage new investment.

**ADOPTION OF TIF POLICY:** On April 5, 2017 the Board of Selectmen approved a Tax Increment Financing Policy to guide the creation of the Town Center TIF District, as well as any future TIF Districts in the community. The TIF Policy outlines in what circumstances credit enhancement agreements would be utilized.

**TOWN CENTER TIF DISTRICT & MASTER PLAN:** The Board of Selectmen is recommending that the Town Meeting adopt the Town Center TIF District and the District Master Plan.

The TIF District boundaries would be substantially similar to the boundaries of the Town Center Village District.

Prior to the establishment of a tax increment district and approval of a district master plan the Board of Selectmen is required to:

- 1) Consider whether the proposed district and district master plan will contribute to the economic growth or well-being of the municipality or to the betterment of the health, welfare and safety of the inhabitants of the municipality. *TIF will be a tool to assist in the economic growth and vibrancy of the Town Center.*
- 2) At least 90 days prior to establishing a tax increment district submit the district master plan to the Planning and Zoning Commission for review and an written advisory opinion that the district is in keeping with the Town’s Plan of Conservation and Development. *A written advisory opinion was secured from the PZC.*
- 3) Hold at least one public hearing on the proposed district that is noticed in a newspaper of general circulation. *A public hearing on the district was conducted by the Board of Selectmen.*

4) Determine whether the proposed district meets the following conditions:

(A) A portion of the real property within a tax increment district shall meet at least one of the following criteria: (i) Be a substandard, insanitary, deteriorated, deteriorating or blighted area; (ii) be in need of rehabilitation, redevelopment or conservation work; or (iii) be suitable for industrial, commercial, residential, mixed-use or retail uses, downtown development or transit-oriented development. ***There are some deteriorated buildings in the proposed Town Center TIF District on Ffyer Place and across from Town Hall. In addition there are properties suitable for commercial, residential, mixed-use or retail uses and downtown development.***

and,

(B) The original assessed value of a proposed tax increment district plus the original assessed value of all existing tax increment districts within the municipality may not exceed ten percent of the total value of taxable property within the municipality as of October first of the year immediately preceding the establishment of the tax increment district. **The taxable real property for the proposed district amounts to \$18,349,250 which represents approximate 1.5% of the total taxable real property under the 2016 Grand List. So the value would not exceed the 10% limit under state law.**

**FINANCIAL IMPACT:** In any proposed District such as the Town Center District, the existing tax revenue generated in the district will continue to go to the Town's General Fund. Incremental taxes generated in the Town Center TIF District will be captured up to 100% and dedicated for use within the District. The District, if adopted at Town Meeting, would be established for a period of 20 years.

**TOWN MEETING APPROVAL:** Under the State statute governing municipal TIF Districts, any District and District Master Plan must be approved by the Town's legislative body.