



## **Frequently Asked Questions**

### **Tax Increment Financing**

The Town of Greenville is exploring the creation of one or more Tax Increment Financing (TIF) Districts to help assist the community in funding essential community improvements and investments, while reducing the burden on local taxpayers. Following, are several frequently asked questions and the related answers on TIF's:

#### **What is a TIF?**

"TIF" stands for "tax increment financing," which is a local economic development tool available to municipalities for two primary purposes: attracting new investment from new and existing businesses and funding town economic development projects.

The Maine Legislature established the municipal tax increment financing ("TIF") program as an economic development tool to be used by municipalities to provide new or continued employment opportunities, improve and broaden its tax base, and improve the general economy of the State.

A TIF is a flexible finance tool used by municipalities to leverage new property taxes generated within a defined geographic district. Any portion of the new taxes may be used to finance public or private projects, as authorized by state law, for a defined period of time for up to 30 years.

#### **What are the benefits of having TIF's?**

The Town's budget is funded primarily through property taxes. Property taxes are dependent upon the valuation of all real and personal property in town. The higher the amount of property valuation, the more the Town pays in county taxes and the less the Town receives from the State of Maine in education funding and revenue sharing. An increase in property valuation results in:

- Less state aid for education,
- Less municipal revenue sharing dollars, and
- More County taxes are paid

**No TIF:** Greenville loses about 50% of all new property taxes generated through new developments and valuation increases. 50% is lost to State & County, resulting in more pressure on Town budget and less needed capital projects.

**With a TIF:** 100% of new tax revenues in TIF district (s) remain in Town and may be used to enhance infrastructure throughout Town, resulting in less pressure on the Town's general fund.

## How many TIF districts can the Town establish and where would they be located?

The number of TIF districts the Town can establish is unlimited. However, the State of Maine sets thresholds for the establishments of TIFs, including the following: Any TIF District cannot exceed more than 2% of a town's total acreage, with the maximum acreage of all TIF districts allowed is 5% of the town's total acreage.

The TIF districts would only involve properties in the Town that are either existing commercial or industrial areas, or areas potentially suitable for such activity. No residential properties would be included.

## What are TIF revenues?

TIF revenues are simply new taxes generated in a designated area of the Town (called a "TIF District"). These are new taxes because they are generated by the new investment and valuation changes in a district. ***They do not involve tax revenues on existing taxes.***

## Does a TIF district raise my Property Taxes?

**No** — a TIF does not create a new tax or raise your mill rate. It changes how a portion of existing property tax revenue growth is allocated for a period of years. Property owners inside the district continue to pay their regular property taxes at the same rate as everyone else in town; the town simply directs some of the new revenue generated by growth in the district toward specific approved uses instead of the general fund.

## For what can TIF revenues be used?

Towns can only use TIF revenue on "authorized project costs" within the district or outside the district, related to the district or economic development, such as:

- Public infrastructure projects (e.g., water, sewer, sidewalks)
- Fire station and equipment costs and improvements
- Work force training

- Quality childcare
- Recreational trails
- Road costs directly related or made necessary by activities in the TIF District
- Public safety improvements related to development
- Economic development activities
- Community facilities

## Who pays into a TIF and who benefits?

Everyone in the district pays their normal property taxes as usual. The "TIF revenue" is the increase in tax revenue that shows up because assessed values in the district went up. The Town decides — through its development program — whether that increment is used for public infrastructure (roads, water/sewer, sidewalks), or other important community assets that support economic growth. ***No individual or business will benefit directly from the Greenville TIF program.***

## Who decides whether Greenville gets a TIF district and what's the approval timeline?

It's a locally driven process. The Townspeople, at a Town Meeting, must approve the district boundaries, the development program, and the captured-value percentage. After local approval, the application goes to the Maine DECD Commissioner for final state approval.

## How long will it take for the Town to benefit from a TIF?

It is highly dependent on new activity in the district (s). Normally, it will be incremental and build slowly. Other communities with new TIF districts typically see tangible results within the first 5 years.

## How long can a TIF district last?

TIF districts can run for up to 30 years. Greenville would set its own term as part of the development program, subject to statutory limits.

## What happens when the TIF term ends?

Once a district expires (or is decommissioned early), all of the captured assessed value rolls back onto the regular tax rolls, and the full increase in property value benefits the town's general fund and reduces the tax burden shared by everyone going forward.

## How can a TIF reduce my tax burden?

A TIF district lets the town shelter new development from that state valuation calculation, which can help keep the county tax assessment — and by extension, the tax burden on Greenville property owners — lower than it would otherwise be. This is the same reason many other Maine towns have adopted TIF districts in recent years.

## How do the Town of Greenville's tax values and County taxes compare with those of other towns in Piscataquis County?

Greenville has the highest state-recognized property valuation of all communities in Piscataquis County. New construction and rising property values in Greenville increase the town's "state valuation," which in turn drives up its share of the county tax bill. Because County taxes are based on the state recognized property valuations in each community and unincorporated areas, Greenville currently pays the highest taxes to the County of any other community.

## Is there a public process for residents to weigh in?

The Town of Greenville has created an email address to direct questions specifically related to TIF questions which will allow for an active contribution to the FAQ list as things progress. There will also be a public meeting on September 17th and December 10th of this calendar year.

## Where can people get more information or ask questions as the process unfolds?

There is a Tax Increment Financing Information page on the town's website, Which provides pertinent information about the process, including upcoming and past recorded public information sessions, and PDFs of the TIF programs.

***Direct questions about the TIF process, should be emailed to [GreenvilleTIFinfo@gmail.com](mailto:GreenvilleTIFinfo@gmail.com). If a question has appropriate content, we will endeavor to add the question and answers in this FAQ document.***