



TOWN OF ENFIELD

TAX INCREMENT FINANCING POLICY

Tax Increment Financing (TIF) is a local economic development tool, permitted under Connecticut law, that allows municipalities to use all, or a portion of the tax revenues generated from a new capital investment to assist in that project's financing. TIF is designed to encourage industrial, commercial, retail or mixed-use development; increase employment opportunities; and broaden the tax base of the municipality.

INTRODUCTION

Tax Increment Financing (TIF) is a local economic development tool, permitted under Connecticut law, that allows municipalities to use all, or a portion of the tax revenues generated from a new capital investment to assist in that project’s financing. TIF is designed to encourage industrial, commercial, retail or mixed-use development; increase employment opportunities; and broaden the tax base of the Town of Enfield.

The purpose of this Policy is to provide a framework for the Town by which applications for TIF can be evaluated. Notwithstanding compliance with any or all of the guidelines below, the creation of a TIF District and development of Credit Enhancement Agreements (CEA) is a policy choice to be evaluated on a case-by-case basis by the Enfield TIF Advisory Committee and the Town Council.

The burden of establishing the public value of a TIF shall be placed upon the applicant and the application must substantially meet the criteria contained herein. The Town Council, however, reserves the right to consider any TIF proposal provided a majority of the Council believes that acceptance of the TIF is in the best interest of the Town of Enfield.

TIF Districts may be designated for up to 50 years. The designation of a TIF district requires proper notice, a local public hearing, an advisory opinion of the Planning and Zoning Commission, and the majority vote of the Town Council.

General Provisions

Applications for Tax Increment Financing (whether initiated by the Town or requested by a developer or business) will be considered by Town staff and the TIF Advisory Committee - with all final approvals vested with the Town Council. Amendments to existing TIF Districts will follow this process. The terms and specific details of each TIF agreement are developed on a case by case basis. The Town Manager and the Manager’s designated departments will negotiate for the Town based on the merits of the project and this policy, following the process laid out in the Application Requirements Section. In developing the application, the applicant (the Town or the developer) shall meet the following basic provisions, as well as the policies and requirements stipulated in subsequent sections.

AUTHORITY

THE AUTHORITY FOR CREATION OF TAX INCREMENT FINANCING DISTRICTS IS ESTABLISHED IN STATE LAW:

CHAPTER 105B – TAX INCREMENT DISTRICTS

TIF is a tool that permits a municipality to participate in local project financing by using all or some of the new property taxes from a capital investment within a designated geographic district. The Town has the right to retain TIF proceeds for public infrastructure improvements or TIF eligible expenses. The municipality has the option of using the “incremental” taxes to fund eligible municipal economic development activities, retire bonds it has issued for the project, or reimburse a developer or business for development project costs (via a *Credit Enhancement Agreement or CEA*).

Eligible Expenses

Eligible TIF expenses include but are not limited to:

1. Capital costs, including, but not limited to,
 - a. the acquisition or construction of land, improvements, infrastructure, public ways, parks, buildings, structures, railings, street furniture, signs, landscaping, plantings, benches, trash receptacles, curbs, sidewalks, turnouts, recreational facilities, structured parking, transportation improvements, pedestrian improvements and other related improvements, fixtures, and equipment for public use,
 - b. the acquisition or construction by the private sector of land, improvements, infrastructure, buildings, structures, including facades and signage, fixtures, and equipment for industrial, commercial, residential, mixed-use or retail use or transit-oriented development,
 - c. the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and fixtures;
 - d. environmental remediation;
 - e. site preparation and finishing work; and,
 - f. all fees and expenses associated with the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;
2. Financing costs, including, but not limited to, closing costs, bonding issuance costs, reserve funds, and capitalized interest;
3. Real property assembly costs;
4. Costs of technical and marketing assistance programs;
5. Professional service costs, including, but not limited to, licensing, architectural, planning, engineering, development, and legal expenses;
6. Maintenance and operation costs;
7. Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees, other agencies, or third-party entities engaged in the implementation of a district master plan; and,
8. Organizational costs relating to the planning and the establishment of the tax increment district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of tax increment districts and the implementation of the district master plan.

Documentation

The applicant is required to provide all documentation associated with the application. This documentation becomes the basis by which the project's implementation is reviewed for compliance with final approvals.

Geographic Boundaries

The Town Council reserves the right, during the application process, to establish the size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure or other municipal improvements deemed necessary by the community.

Personal Property

Personal property shall not be included in the calculations for the TIF.

TIF ADVISORY COMMITTEE

A TIF Advisory Committee is designated by the Town and charged with advising and guiding the Town Council on the implementation of the District Plans. The TIF Advisory Committee shall consist of nine people appointed by the Town Council and shall include:

1. Two members of Town Council;
2. One member of the Economic Development Commission;
3. One member of the Conservation Commission
4. One member of the Planning & Zoning Commission;
5. the Director of Development Services;
6. the Director of Finance;
7. the Town Assessor; and
8. the Town Attorney.

The Enfield TIF Advisory Committee shall advise the Town Council as to the implementation of District Master Plans, make proposals and recommendations to the Town Council regarding revisions to District Master Plans and prepare and recommend to the Town Council an annual budget for the operation and maintenance of the Districts for submission by the Town Council for approval.

OVERVIEW OF CREDIT ENHANCEMENT AGREEMENTS

Credit Enhancement Agreements (CEAs) are a mechanism for providing assistance to property owners or developers undertaking development projects in the TIF District. A CEA is a contractual agreement between the Town and applicant that allows the Town to provide reimbursements of future incremental property tax revenues to the Applicant. This policy outlines the eligibility requirements, guidelines, process, and other details for how and when the Town will enter into CEA agreements.

The Town will review CEA applications on a case-by-case basis and is not obligated or bound to enter into a CEA.

CEA Goals

The Town of Enfield's goal for entering into a CEA is to create incentives for private partners, such as property owners or developers, to undertake improvements to privately owned parcels in a TIF District, that would not otherwise be undertaken because the costs of such improvements make them financially infeasible.

General Provisions

AMOUNT OF FUNDS. The TIF funds reimbursed/returned to the developer (via a CEA) will not exceed, over time, the amount of funds agreed to in the TIF document. The applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the TIF agreement.

TERMS. Terms shall be negotiated between the Town and the applicant on a case-by case basis. Agreements can extend between 1 and 10 years; and up to 100% of the annual TIF Revenues associated with the captured incremental value from the property can be reimbursed to the property owner depending on the merits. The term of the agreement shall not exceed 10 years or the number of years remaining in the life of the district; which is ever less.

SUSPENSION AND RECAPTURE OF BENEFITS. The Credit Enhancement Agreements shall contain provisions for the suspension, termination, and/or recapture of benefits to the applicant. These actions will occur when the applicant does not meet the compliance standards outlined in this document. This would also include any statements or representations made by the applicant which would have a bearing on the Town Council's decision to participate in a TIF and at what level. The agreements shall also provide for the termination and/or recapture of benefits from the applicant if the applicant relocates all or a substantial portion of the Enfield operation outside the town, during the term of the agreement.

LEVEL OF FUNDING ADJUSTMENTS. During the application process and during the life of the TIF (and CEA), the applicant shall demonstrate that the funds are being used at appropriate levels for the purpose intended. If the level of funds the applicant receives exceeds the projected need, the amount returned to the applicant shall be adjusted.

EXTENT OF TOWN'S OBLIGATION. Under any CEA, the Town's obligation to make a periodic payment under the CEA will only arise to the extent the Town receives incremental real property tax revenue based on positive captured assessed value of the particular property during the appropriate period. In other words, in any CEA, the Town shall not obligate itself to make fixed payments without receiving incremental tax revenues nor shall it be obligated to make payments if there is no increased assessed value. The percentage of annual TIF Revenues that are reimbursed to the property owner may be adjusted over the life of the Agreement.

MUNICIPAL PARTICIPATION

The Town will use various criteria to determine participation including those listed below:

1. The value of the proposed public infrastructure
2. The project creates public infrastructure facilities that have application beyond the development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation
3. The project is generally consistent with goals and actions stated in the Town's Plan of Conservation and Development
4. The project assists an established business in the Town of Enfield, thus retaining existing employment opportunities
5. The project brings a new business to the community that is consistent with one of the business sectors identified below
6. The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: light manufacturing, the creative economy, medical industry, lodging, eco-tourism, manufacturing, advanced technologies for forestry & agriculture, biotechnology, composite materials technology, environmental technology, financial services, information technology
7. The project creates long-term, permanent, and quality employment opportunities
8. The project contributes to the unique qualities of the Town, commercial and industrial districts or other areas in need of redevelopment
9. The project improves a blighted building site that will benefit from rehabilitation
10. The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers

APPLICATION REQUIREMENTS FOR PROJECTS THAT INCLUDE A CREDIT ENHANCEMENT AGREEMENT

Applicants for a Credit Enhancement Agreement should demonstrate that the Town of Enfield's participation is economically necessary, and that participation is needed to undertake the project. Such justification is demonstrated by:

- The financial need to offset public infrastructure costs unique to the project or site
- The project is one that is supported in Enfield's Plan of Conservation and Development, in its capital improvement program, or in other supporting documents recognized by the community
- The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to:
 - o Development budget and pro-forma
 - o Financial commitments of project lenders
 - o A project implementation plan and schedule

All such information shall be kept confidential. Town staff and Town Council will agree to a non-disclosure agreement, if deemed necessary.

- The developer is compliant with all statutory and regulatory guidelines of the Town of Enfield and the State of Connecticut
- The project represents a minimum investment of five hundred thousand dollars (\$500,000) in development costs. The minimum investment shall not include the costs of land acquisition.
- The Applicant's equity contribution to the project is a minimum of ten percent (10%) of the project.

Fixed Assessment Agreements (FAA)

With a TIF District the municipality can agree to set a fixed valuation on a property for up to fifteen years providing the Town and the owner/developer with predictability in tax liability. All Fixed Assessment Agreements shall be recorded in the Enfield land records.

APPLICATION PROCESS FOR A NEW TIF DISTRICT

The EDC, in consultation with the Department of Development Services, will coordinate all activities regarding applications for Tax Increment Financing projects, possible CEAs, and TIF Amendments. It is understood that the TIF process can precede other local approvals; however, the final TIF approval may be conditioned on receiving such approvals. Working with applicants, the EDC will coordinate the following process:

Phase 1: The EDC Staff will provide information on Enfield's Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from Town departments, including the Town Manager, Tax Assessor, Town Attorney, Director of Public Works, Director of Public Safety, and Director of Development Services and their staff in the Department's Divisions of Building, Community Development, Economic Development; and, Planning and Zoning, and advise applicants on the findings of Town staff.

Phase 2: The applicant shall file an application with the Town including the District Master Plan. The District Master Plan should include all of the information required under State law. EDC staff shall review the application for completeness and then submit the application to the TIF Advisory Committee for their review and recommendation to the Council.

Phase 3: The Town Council will determine whether the application is an appropriate use of TIF funding or not. If so, the Town Council will schedule at least one public hearing on the proposed District approval and at least ninety days prior to establishing a tax increment district - transmit the district master plan to the Planning and Zoning Commission for a written advisory opinion.

Phase 4: Present the District Master Plan to Enfield Town Council for its action.

Phase 5: During implementation, the designated departments will monitor ongoing public and private investments in the development project to insure their compliance with the policies contained in the District Master Plan.

APPLICATION PROCESS FOR A CEA IN AN EXISTING DISTRICT

Working with applicants, the EDC will coordinate the following process:

Phase 1: The EDC Staff will provide information on Enfield's Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from Town departments, including the Town Manager, Tax Assessor, Town Attorney, Director of Public Works, Director of Public Safety, and Director of Development Services and their staff in the Department's Divisions of Building, Community Development, Economic Development; and, Planning and Zoning, and advise applicants on the findings of Town staff.

Phase 2: The applicant shall file an application with the Town. EDC staff shall review the application for completeness and then submit the application to the TIF Advisory Committee for their review and recommendation to the Council.

Phase 3: The Town Council will determine whether the application is an appropriate use of TIF funding and whether to extend a Credit Enhancement Agreement.

Phase 4: During implementation, the designated departments will monitor ongoing public and private investments in the development project to insure their compliance with the policies contained in the District Master Plan.

Application Fee

Applications are available through the Department of Development Services, Enfield Town Hall, 820 Enfield Street, Enfield, CT 06082.

All developer or business applicants are required to:

- Submit a non-refundable application fee of \$250 at the time of submission to the Town
- Reimburse the Town of Enfield for all legal, staff, and consulting costs and any additional expenses whether or not an application is approved. At the time of final application submission, a deposit of \$5,000 will be made by the applicant into a fund to be used to reimburse the Town for staff time and any other direct expenses like required legal fees. Any funds not used during that time may be returned when the construction project is completed.

WAIVER PROVISIONS

The Town Council may waive the provisions of this policy. The decision to do so shall be made by applying the intent of the following guidelines to ensure that the project remains within the general parameters of Enfield's economic and community development vision. Criteria to be considered when granting the waiver include:

- Consistency with the Enfield Plan of Conservation and Development;
- Consistency with the Town's economic and community development vision;
- Consistency with other local, state and federal rules;
- Evidence of need; and,
- Capacity to carry out the project.

MODIFICATIONS TO THE TIF POLICY

This Policy may be modified at any time by a majority of the Town Council after the Council has entertained comments and concerns at a properly advertised public hearing to be held prior to, or simultaneously with, the Council meeting at which the proposed amendment will be considered.

Appendix - TIF/Credit Enhancement Agreement Application Requested by developer

Name of Applicant:	
Applicant's Address:	
Applicant's Phone:	Applicant's e-mail:
Business Contact Person:	
Principal Place of Business:	
Company Structure (e.g. corporation, sub-chapter S, etc.):	
Names of Officers:	
Principal Owner(s) Name:	
Place of Incorporation:	
Location of Project: (map/lot)	
Brief Project Description: (new building, square footage, use)	
Reason for the TIF and Credit Enhancement Request:	
Estimated project cost:	
Current value of land and existing development:	
Public benefit anticipated:	
Requested duration of credit enhancement benefit:	
Request amount of credit enhancement benefit:	
Projected project completion date:	
Estimated completion percentage for next two years:	
Anticipated additional development within the next 5 years:	
Waivers from the TIF Policy requested if any:	

Disclosure

1. Check the public purpose that will be met by the business using this incentive (any that apply):		
<input type="checkbox"/> job creation	<input type="checkbox"/> job retention	<input type="checkbox"/> capital investment
<input type="checkbox"/> training investment	<input type="checkbox"/> tax base improvement	<input type="checkbox"/> public facilities improvement
<input type="checkbox"/> other (list):		
2. Check the specific items for which TIF revenues will be used (any that apply):		
<input type="checkbox"/> real estate purchase	<input type="checkbox"/> machinery & equipment purchase	<input type="checkbox"/> training costs
<input type="checkbox"/> debt reduction	<input type="checkbox"/> other (list):	

Employment Goals

List the company's goals for the number, type and wage levels of jobs to be created or retained as part of this TIF development project.

A. Job Creation Goals			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, including Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production & Transportation			\$

B. Job Retention Goals			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, including Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
* Please use the Occupational Cluster descriptions on the next page to complete this form.			

A. Job Creation Goals. Please list the number, type and wage level of jobs created because of the economic development incentive. NOTE: For this form, “full-time” employment means 30 hours or more; “part-time” employment means less than 30 hours. “Wage level” means the average annual wage paid for jobs created within an occupational cluster, e.g. either their annual salary, or their hourly wage times their annual hours. Also, “type” means “occupational cluster” which refers to the 12 categories defined below. Please include the number of your employees (both full-time and part-time) working within the category that most closely reflects their job duties.

B. Job Retention Goals. Please list the number, type and wage level of jobs retained because of the economic development incentive. Part B should be completed using same definitions in Part A.

Occupational Clusters

1. EXECUTIVE, PROFESSIONAL & TECHNICAL

Executive, administrative and managerial. Workers in executive, administrative and managerial occupations establish policies, make plans, determine staffing requirements, and direct the activities of businesses and other organizations. Workers in management support occupations, such as accountant and auditor or underwriter, provide technical assistance to managers.

Professional specialty. This group includes engineers; architects and surveyors; computer, mathematical, and operations research occupations; life, physical, and social scientists; lawyers and judges; social, recreational, and religious workers; teachers, librarians, and counselors; health diagnosing, assessment, and treating occupations; and communications, visual arts, and performing arts occupations.

Technicians and related support. This group includes health technologists and technicians, engineering and science technicians, computer programmers, tool programmers, aircraft pilots, air traffic controllers, paralegals, broadcast technicians, and library technicians.

2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

Administrative support, including clerical. Workers in this group prepare and record memos, letters, and reports; collect accounts; gather and distribute information; operate office machines; and handle other administrative tasks.

3. SALES AND SERVICE

Marketing and sales. Workers in this group sell goods and services, purchase commodities and property for resale, and stimulate consumer interest.

Service. This group includes a wide range of workers in protective, food and beverage preparation, health, personal, private household, and cleaning and building services.

4. AGRICULTURE, FORESTRY, AND FISHING

Agriculture, forestry, and fishing. Workers in these occupations cultivate plants, breed and raise animals, and catch fish.

5. MAINTENANCE, CONSTRUCTION, PRODUCTION, AND TRANSPORTATION

Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

Construction trades and extractive. Workers in this group construct, alter, and maintain buildings and other structures or operate drilling and mining equipment.

Production. These workers set up, adjust, operate, and tend machinery and/or use hand tools and hand-held power tools to make goods and assemble products.

Transportation and material moving. Workers in this group operate the equipment used to move people and materials. This group also includes handlers, equipment cleaners, helpers, and laborers who assist skilled workers and perform routine tasks.