



AGENDA ITEM #: 21-08
COUNCIL MTG OF: January 19, 2021
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: Commercial Industrial Tax Relief for 4 Peabody Road Annex

STAFF REPORT

Public Hearing 2-16-21

INTRODUCTION

The Council is requested to act on an application for Commercial-Industrial Tax Relief for a contractor bay building to be constructed at 4 Peabody Road Annex.

TOWN ADMINISTRATOR COMMENTS

Please see comments within this report.

BACKGROUND

The Town Council adopted Ordinance #2019-010 on October 3, 2019 which expanded General Code, Chapter 138 to include a tax relief program for Commercial – Industrial property in Derry. To be eligible, the project must demonstrate that it will enhance the economic vitality of the Town and increase the commercial/industrial activity, including job creation. The program authorizes the Council to extend tax relief equal to 50% of the town and local school tax rate on the value of the improvements generated by the project, up to a period of ten years.

DISCUSSION

The Town received an application from Steve Trefethen representing Lauralei LLC to construct a 17,000 sf contractor bay building on a property which currently houses a 6,180 sf office building. The proposer estimates that construction cost will be \$1.2M, with an estimate of 50 jobs. It appears from the application that the property owner is not directly associated with job creation with the project; it appears that the building is being erected on spec.

Staff investigated options for tax incentives. The Town Council has adopted the provisions of 79-E (only available in the Downtown) and the Commercial-Industrial Tax Exemption (project eligible). We consulted with Town legal counsel and the New Hampshire Municipal Association to identify any other potential programs; communities do enter into multi-year tax agreements with some taxpayers, however, those per statute need to be affiliated with energy production.

It is the Derry Commercial-Industrial Tax Exemption Program which staff recommends Council consideration.

FISCAL IMPACT

The applicant is requesting consideration for three years. Presuming the renovation/improvement budget ultimately values at \$1.2M, the exemption if approved by the Town Council would be calculated as follows:

\$1.2M in value x combination of town and local school rate $(\$21.60) \times 50\% = \$12,960$ in year one after improvements, adjusted annually by the then current tax rate.

RECOMMENDED ACTION BY COUNCIL

Please see Resolution #2021-007