



STAFF REPORT

AGENDA ITEM #: 21-53
COUNCIL MTG. OF: May 4, 2021
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: Release of Captured Assessed Valuation

INTRODUCTION:

To recommend release of excess Captured Assessed Valuation from the Derry Commerce Corridor Tax Increment Financing District to comply with state statutes.

TOWN ADMINISTRATOR COMMENTS

Please see comments within this staff report.

BACKGROUND

The Town maintains two Tax Increment Financing (TIF) Districts, which allows the Town to retain all tax revenues generated on the increased value within these districts, to be used for purposes consistent with each District's Development Plan. RSA 162-K governs the establishment, operation and financing of TIF Districts.

The Town's two TIF Districts were created in areas around the Manchester Road area (Rte. 28N) and Ash Street (Ash Street TIF District); both districts were created to facilitate economic development and, in the Rte. 28N District, as part of a public/private partnership.

Both Districts were very successful achieving the goals within their Development Plans, and more recently, the Town Council wisely capitalized on this success by expanding the boundaries of the Districts to create additional economic opportunities to benefit the community.

The Rte. 28N District is the focus of this Resolution; the District was expanded into Derry's traditional Downtown area and rebranded as the Derry Commerce Corridor. Based upon the new District goals and the amount of property value in excess of the original base value (Captured Assessed Value - CAV), the Council determined that a portion of the CAV was surplus to the District's needs and could be returned to the general assessment base, which is used to fund school, county and all other general town expenses.

As part of the FY20 budget, the Council voted to release \$15M in CAV; with the completion of the 2020 town-wide property reassessment, the Town finds itself in a similar situation whereby there is CAV excess to the TIF District's needs.

DISCUSSION

RSA 162-K:10 II (b) requires that any excess CAV shall be deemed excess CAV and returned to the tax lists (i.e. available for use by the Town, County and School District). There are no provisions under state statutes which allow for the original assessed value identified at the time a District is formed to be adjusted as a result of subsequent property revaluation, thus all of this new value becomes part of the CAV.

As a result of the 2020 property revaluation, approximately \$47M in new value was identified. Based upon staff analysis, it is recommended that \$45M in value be returned to the tax lists. This is the same amount when the Council was reviewing the Town’s financial status during collective bargaining negotiations. During those discussions, the Council concurred to returning the \$45M in value to the tax lists, and allocation 2/3 of the taxes generated to the collective bargaining process. This Resolution completes that process.

FISCAL IMPACT

Adoption of Resolution #2021-023 would 1) maintain the Town’s compliance with state statutes concerning the use of Captured Assessed Valuation 2) maintain adequate funding within the DCC TIF for current and future service obligations and infrastructure improvements, and 3) fund a portion of the Collective Bargaining Agreements currently under negotiation as previously concurred by the Council.

RECOMMENDED ACTION BY COUNCIL & MOTION

Recommend adoption of Resolution #2021-023

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