



AGENDA ITEMS #: 22-130
COUNCIL MTG OF: November 1, 2022
FROM: David Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: Establish TIF Retained Values.

STAFF REPORT

PURPOSE: To seek Town Council approval of retained captured assessed value for the Derry Commerce Corridor and Gateway Tax Increment Financing (TIF) Districts.

TOWN ADMINISTRATOR COMMENTS: Please see comments within this staff report.

BACKGROUND:

The Town Council previously established two Tax Increment Financing Districts to support economic development in Town. The original districts included the Rte. 28 North District, which paved the way for the Wal-Mart development on Manchester Road, and the Ash Street District, which provided the stimulus for One Corporate Park on Ash Street Extension.

More recently, the Town Council expanded the Rte. 28N District into the Downtown to provide connectivity and renamed that district as the Derry Commerce Corridor TIF District. Later, the Council expanded the Ash Street District to include the planned Exit 4A corridor and renamed it the Gateway TIF District. The Council also established development funds for both to reserve additional revenues for future planned activities and improvements.

Activities are funded in the following manner:

- 1) When a TIF District is established, the existing property tax base remains with the General Fund to support town wide municipal obligations, as well as school and county expenses.
- 2) Any new assessed value created by additional development, or a reassessment is used to fund the District Development Plan. This new value is known as the Captured Assessed Value (CAV).
- 3) When the CAV produces revenues in excess of those needed to implement the Development Plan, the Council can vote to un-retain a portion of CAV. (The Council currently un-retains \$60M in value for the Derry Commerce Corridor TIF.)

DISCUSSION:

The Council is requested to establish the amount of retained value for the Districts for 2022. This action is necessary as the retained value necessary to provide services and make debt service payments in the DCC TIF will require that the un-retained amount of CAV be adjusted to \$53,519,600 (currently \$60M).

The DCC TIF was created by the Town Council in 2019. At the time of creation, the existing amount of taxable property within the new area was calculated to provide an assessment total which would continue to generate tax revenues to support town, school and county expenses. The Town conducted a revaluation in 2020 which increased property values throughout the community. As the amount of CAV was being calculated, we discovered last week that the total value of property in the DCC TIF, including tax exempt property, was reported on the MS1. This process resulted in erroneously providing more resources to the TIF than what should have been available. Processes have been revised internally

to clearly separate exempt and tax-exempt property, however, additional CAV is necessary to meet District obligations.

FISCAL IMPACT:

The amount of CAV necessary for the DCC TIF has been established at \$30,000,000, which would fund basic services and debt service payments, but will not provide any capacity to contribute to the DCC TIF Redevelopment Fund in the next few years until such time as the CAV increases due to new development or property revaluations. The amount to be returned to the CAV from un-retained is \$6,480,400, is about 1/7th of 1% of the town's net assessed valuation.

The Gateway TIF District has available CAV of \$34,912,472 which staff recommends retaining all funding for future execution of the intermodal goals in the development plan (rail trail) and future development activities on land acquired by NHDOT for the project, which may later be declared surplus and available to the Town for redevelopment. Additionally, the Gateway TIF plans to fund an additional DPW employee with equipment to maintain the additional lane miles in the District resulting from the construction of the Exit 4A corridor.

RECOMMENDED MOTION:

Please see Resolution #2022-084

* * * * *



Resolution #2022-084

To Establish the Captured Assessed Value for the Derry Commerce Corridor and Gateway Tax Increment Financing (TIF) Districts

WHEREAS, The Town previously enacted the provisions of Chapter 162-K, Municipal Economic Development and Revitalization Districts; and

WHEREAS, the Town established and actively supports its two TIF Districts (Ash Street and Derry Commerce Corridor) by investing in their development for the benefit of the Districts and the entire community; and,

WHEREAS, RSA 162-K:10 requires that the Town Councilor establish the Captured Assessed Value to be retained to fund infrastructure, operating and debt service costs associated with the TIF District Development Plan; and

WHEREAS, staff has calculated the amount of Captured Value necessary to implement the TIF District Development Plans,

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the Captured Assessed Value shall be established as follows:

Derry Commerce Corridor Tax Increment Financing District	\$30,000,000
Gateway Tax Increment Financing District	\$34,912,472

This Resolution shall take effect retroactively to April 1, 2022.

Adopted November 1, 2022.

Attest:

X _____

Joshua Bourdon, Council Chair

Date: _____

X _____

Daniel Healey, Town Clerk

Date: _____