

Town of Suffield
Policy on the Use of
Tax Incremental Financing



Adopted by the Suffield Board of Selectmen - April 5, 2017

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, infrastructure improvements and other economic development services. TIF is designed to encourage industrial, commercial, retail or mixed-use development; increase employment opportunities; and broaden the tax base of the Town of Suffield.

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 is a policy choice to be evaluated on a case-by-case basis by the Suffield Economic Development Commission, the Board of Selectmen, and Town Meeting.

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 Board of Selectmen, however, reserves the right to consider any TIF proposal provided the Board believes that acceptance of the TIF is in the best interest of the Town of Suffield.

The authority for creation of Tax Increment Financing Districts is established by Connecticut General Statutes Section 7-339cc to 7-399kk, inclusive.

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 Economic Development Commission (EDC), with all final approvals vested with the Board of Selectmen and Town Meeting. Amendments to existing TIFs will follow this process. The terms and specific details of each TIF agreement are developed on a case by case basis. The First Selectman and the Selectman'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.

1. The creation of TIF Districts within the Town should be limited to those projects which result in a minimum increase of \$500,000 to the Town's tax base.
2. 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, Board of Selectmen approval, and the majority vote of the municipal legislative body (Town Meeting).

3. Eligible TIF expenses include but are not limited to: (A) capital costs, including, but not limited to, (i) 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, (ii) the acquisition or construction 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, (iii) the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures; (iv) environmental remediation; (v) site preparation and finishing work; and (vi) 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; (B) financing costs, including, but not limited to, closing costs, issuance costs, reserve funds and capitalized interest; (C) real property assembly costs; (D) costs of technical and marketing assistance programs; (E) professional service costs, including, but not limited to, licensing, architectural, planning, engineering, development and legal expenses; (F) maintenance and operation costs; (G) administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees, other agencies or third-party entities in connection with the implementation of a district master plan; and (H) 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.
4. The Town 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.
5. Although the level of reimbursement (through a Credit Enhancement Agreement) may vary depending on the term, number of new jobs created, etc., it shall not exceed 50% over the term of the TIF Agreement. The Board of Selectmen may, however, structure a Credit Enhancement Agreement (CEA) to provide benefits that average 50% over the duration of the Agreement and that provide benefits on a declining basis. The EDC may recommend, but the Board of Selectmen will determine the appropriate percentage to be returned based on the community benefit of the project.
6. The term of the TIF agreement shall be negotiated between the applicant and the Town. The Town shall seek to limit the duration of tax recapture to applicants in the form of a Credit Enhancement Agreement to not more than fifteen (15) years. Personal property shall not be included in the calculations for the TIF.
7. Information must be provided to document the number of new jobs created (or existing

jobs retained), the number and type (affordable or market rate) of housing units created, the improvement of a blighted area or the improvement of public infrastructure which can be achieved with the approval of a particular TIF project.

8. Applicants must document why TIF assistance is necessary to address one of the following concern:
 - The need to offset infrastructure costs unique to the development or redevelopment site and required to make the site economically feasible; or
 - The need to assist with financing because of a lack of sufficient private or other public funding sources.
9. It is the Town's preference to provide assistance only when necessary for location of new businesses that help diversify the local economy by offering services or producing products not presently provided or produced by other area employers. Exceptions to this Policy could include projects which improve a blighted area of the Town or make improvements to a blighted building.
10. The preferred form of tax increment financing assistance is a Credit Enhancement Agreement that avoids the necessity of issuing general obligation debt.
11. In evaluating the overall project, the Town may choose to issue debt to be repaid over time through tax increment revenues. Where the Town chooses to issue such debt, a higher level of financial scrutiny will be applied to the project to ensure the risk to the Town and its taxpayers are minimized. To this end, the Town will seek through agreements with the developer, to guarantee the necessary revenue flow to pay the debt and to ensure that the Town is protected against changes in State Law or tax structure that might result in lower than needed incremental revenue.
12. The Credit Enhancement Agreement may contain provisions for the Town to cancel CEA benefits to the business if:
 - The business moves to another community
 - There is a change in the use of the property
 - There is a significant decrease in the number of jobs
 - Other conditions of the Credit Enhancement Agreement are not met
13. All proposed projects must be consistent with the Town Plan of Conservation and

Development, as amended from time to time. At the outset of this Policy, the Districts may be considered in the Town Center Village District (TCV), West Suffield Center Village District (WSCV), Neighborhood Commercial (NC), Planned Development Industrial Park (PDIP), and Industrial (I) Zones, as well as for 1760 Mapleton Avenue.

Level of Municipal Participation

The following criteria shall be used by the Town of Suffield to determine the public benefit of the application and the recommended percentage of taxes to be returned for the benefit of the project. It is not mandatory that all criteria be met.

1. The project is generally consistent with goals and actions stated in the Town's Plan of Conservation and Development.
2. The creation of the TIF District will diversify the economy and broaden the Town's tax base.
3. The creation of the TIF District is financially necessary to bring about the proposed investments.
4. The project improves a blighted area or a building in need of redevelopment or rehabilitation, or is in an area identified as a priority by the Town of Suffield.
5. The project creates public infrastructure facilities which have application beyond the particular development, such as improving traffic flow, upgrading sewer or water capacity, providing public parking facilities, etc.
6. The activities resulting from the creation of the TIF District will generate benefits to the community that exceed any potential for adverse impacts on existing businesses within Suffield.
7. The project creates new jobs or retains existing jobs, especially those in the manufacturing sector or other high wage sectors.
8. The project creates new housing units or rehabilitates existing housing units consistent with housing needs identified from time to time in strategic plans.
9. The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity.
10. For those projects which require specific improvements or commitments be completed over time, the applicant/developer will be required to submit a progress report to the First Selectman's Office by July 1 of each year. The report must provide details regarding completion of any and all commitments (job creation, property improvements, etc.) as

specified in the CEA.

In the event that any approved TIF project does not meet the terms (e.g., job creation, building rehabilitation, etc.) of the CEA, the Town reserves the right to reduce the tax benefit to the applicant proportional to the degree of non-compliance.

Application Requirements for projects that include a Credit Enhancement Agreement

Applicants for a Credit Enhancement Agreement should demonstrate that the Town of Suffield'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 Suffield'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 Board of Selectmen will agree to a non-disclosure agreement, if deemed necessary.

- The project creates incremental tax value equal to or greater than \$50,000, excluding personal property
- The developer is compliant with all statutory and regulatory guidelines of the Town of Suffield and the State of Connecticut

Application Process

The EDC, in consultation with the Planning Department, will coordinate all activities regarding applications for Tax Increment Financing Districts, possible CEAs, and TIF Amendments. It is understood that the TIF process can precede other local approvals; however, the final TIF approval can have receiving such approvals as a condition. Working with applicants, the EDC will coordinate the following process:

1. The EDC Staff will provide information on Suffield'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 First Selectman, Tax Assessor, Town Attorney, Town Planner, Zoning Enforcement Officer, Director of Public Works, and Safety Services, and advise applicants on the findings of Town staff.

2. The applicant shall file an application with the Town including the proposed 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 EDC for their review and recommendation to the Board of Selectmen.
3. The Board of Selectmen will determine whether the application is an appropriate use of TIF funding or not. If so, the Board of Selectmen 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.
4. The Board of Selectmen will consider recommending the District Master Plan to Town Meeting.
5. Present the District Master Plan to Suffield Town Meeting for its action.

During implementation, the designated departments will monitor ongoing public and private investments in the particular development project to insure their compliance with Findings of Fact and the policies contained herein.

Application Fee.

All developer or business applicants are required to:

- Reimburse the Town of Suffield 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 \$1,500 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.
- Applications will be provided by the Suffield Economic Development Commission, Suffield Town Hall, 83 Mountain Road, Suffield, CT 06078

There shall be no application fee for districts proposed by the Town of Suffield.

Waiver Provisions

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

- Consistency with the Suffield 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 the Board of Selectmen after the Board has entertained comments and concerns at a properly advertised public hearing to be held prior to, or simultaneously with, the Board meeting at which the proposed amendment will be considered.

Appendix 1 - 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:
Preferred duration of credit enhancement benefit:
Preferred 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 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, inc. 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, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<i>* Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

INSTRUCTIONS

A. Job Creation Goals. Please list the number, type and wage level of jobs created as a result 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 parttime)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 as a result 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.