

12-13-18

Downtown Committee Meeting Minutes

Downtown Committee Meeting 8: Funding (Tools)

5-6pm

Town Office, Upstairs Meeting Room

Attending: Betsy Hopkins, Elin Elisofin, Kris Davidson, Margaret Qualey, Hooper Brooks (virtually), David Wylie (virtually), Gabe McPhail, Andy Dorr, George Kendrick, Shelby Smith

Absent: John Wasielewski, Kathy Warren, Holly Sault

5pm Start

DISCUSSION:

Funding tools that might aid in sustaining and developing Downtown.

A conversation round the pros and cons of each tool.

Tools - Name	Summary- What is this tool for? How is it used?
Municipal Tax Increment Financing (TIF)	Flexible finance tool used by municipalities, towns, plantations, and the Unorganized Territory to leverage new property taxes generated by a specific project or projects within a defined geographic district Any portion of the new taxes may be used to finance public or private projects for a defined period of time up to 30 years Locally-driven: the municipality, town, or city defines the district and chooses how much of the new taxes will go to what public and private projects over what period of time, with the whole package requiring local political approval Examples: Upgrading a roads or streetscapes; building addition, Fox Islands Wind...
	Discussion- Pros, Cons, Assumptions
	Vinalhaven has a TIF for wind turbine project TIF for Downtown area(s) could work if there was new value expected to be added, the increased value is what would be captured to help with future funding Can be difficult to set up for an already established area, significant amount of work will need to be planned for that much value to be added Big capital investments would be needed in a small footprint Would take a lot of additional buildings and value to collect enough tax in a TIF to have any significant impact EX: \$200,000 in taxes paid in downtown last year on 17.5 million in value TIF Cons: nonprofits cannot have TIFs

	<p>Can get complicated and can be confusing for building owners Would need to be case by case basis rather than one large TIF for the entire DT Really only worth looking at for a large project (Net Factory PPP?) TIF Pros: for the net factory specifically, anything would be a bonus because that building does not pay taxes currently Can do spot TIFs on specific areas/buildings, such as Indiana's</p> <p>Things to test/learn: look into example of other TIFs and the pros and cons of each that could apply to Vinalhaven</p> <p>Could multiple types of funding be combined for a single project?</p>
Employment Tax Increment Financing (ETIF)	<p>State program that helps new and established Maine businesses hiring 5 or more new, full-time employees by refunding from 30-80% of the state withholding taxes paid by the business for up to ten years. The reimbursement rate rises with the level of local unemployment, with those in Pine Tree Development Zones receiving the highest rate. Eligibility criteria:</p> <p>Non-retail, for-profit businesses</p> <p>Hiring 5 or more new, full-time employees within two calendar year</p> <p>Provide new employees access to a group health care plan and retirement plan, such as a 401-K or pension plan</p> <p>Average annual income of each new employee is > \$46,275</p>
	<p>Discussion- <i>Pros, Cons, Assumptions</i></p>
	<p>Beneficial to a business, rather than the whole town</p> <p>Could be something in the Econ. Dev toolbox, but not really a place for it broadly in the plan</p>
Maine's Working Waterfront Tax Law	<p>Provides property tax reduction and encourages preservation of WWF by preventing conversion to more intensive uses as the result of economic pressures caused by high property taxes</p> <p>Intended to support commercial fishing activities</p> <p>Local assessor calculates value of property based on use as "WWF land" –parcel, or portion of a parcel, of land abutting tidal waters or located in the intertidal zone used more than 50% as WWF to "provide access to or support the conduct of commercial fishing activities."</p> <p>How much of a tax reduction?</p> <ul style="list-style-type: none"> • land used predominantly (more than 90%) as WWF = 20% • land used primarily (more than 50%) as WWF = 10% • land permanently protected for WWF =50% (if used predominantly) or 40% (if used primarily)

	<p>Discussion- <i>Pros, Cons, Assumptions</i></p> <p>Owners can apply for fish houses and any commercial property in downtown area Currently 2.2 million in value for wharfs, about 22,000 in taxes Things to test/learn: need more education especially in order to present this to the community with the intent of getting support since land use tax credits don't have a favorable reputation here</p>
State Tax Credits for Historic Rehabilitation	<p>Maine's State Historic Rehabilitation Tax Credit Program: "Substantial Rehabilitation Credit" –25% state credit for any rehabilitation that also qualifies for the 20% federal credit. The rehabilitation must meet all of the requirements of the Federal tax incentive program.</p> <p>"Small Project Rehabilitation Credit" –25% state credit for the rehabilitation of certified historic structures with certified qualified rehabilitation expenditures of between \$50,000 and \$250,000. Available to entities that do not claim the federal rehabilitation credit.</p> <p>"Affordable Housing Rehabilitation Credit Increase". The State Substantial Rehabilitation Credit and the Small Project Rehabilitation Credit may be increased to 30% if the rehabilitation project results in the creation of a certain amount of affordable housing.</p> <p>Only certified historic structures will qualify for the credits. A "certified historic structure" is defined as a building that is listed in the National Register of Historic Places, either individually or as a contributing building in a National Register historic district, or as a contributing building within a local historic district that has been certified by the Secretary of the Interior</p> <p>Credits cannot be claimed against the cost of acquisition, new additions, site work, or personal property. Only costs incurred in work upon or within a historic structure will qualify. Interior work will qualify if the work meets "The Secretary of the Interior's Standards for Rehabilitation."</p> <p>Discussion- <i>Pros, Cons, Assumptions</i></p> <p>Need to do further research Things to test/learn: how does this affect what can be done for SLR (Cannot affect SLR activities)</p>
Local Loan Funds for Sustainable Development	<p>Creation of a island-based loan funded by local investors Committee</p> <p>Revolving Loan Fund</p> <p>Grants (percentage or match)</p> <p>Eligibility requirements</p> <p>Board oversees application selection; bank administers day-to-day</p> <p>Example: Slow Money Maine Investment Groups</p>

	<p>Discussion- <i>Pros, Cons, Assumptions</i></p>
	<p>There are a lot of nonprofits competing for funds and there can be political backlash surrounding fundraising</p> <p>Private investors could provide funds with guidelines about how/what they want to fund and how it can be used; Could be grants or loans</p> <p>Pros: could infuse/supports entrepreneurial ventures People around the community want to invest in projects that will benefit the town/community</p> <p>Do we need an Economic Development Director? Cons: Who gets the funds? Can be perceived as something that is meant for one group over another</p> <p>Things to test/learn: Research other examples and how it could apply to our downtown from both the investor and business owner/lendee perspective Could fundraise for capital projects for matching funds although fundraising could have “political” implications</p>

Next Steps: Phase One (Discussion of topics) has concluded. Gabe and George presented next steps:

Wrap up Stakeholder Meetings (*Gabe and George*)

Compile information gathered from committee and stakeholders (*Gabe*)

Report committee and stakeholder findings and themes (*Gabe and George*)

Research areas where questions still exist (*Gabe and Committee*)

Determine and prioritize recommendations (*Committee*)

Determine funding for recommendations and reprioritize based on ability to fund (*Gabe, George, and Committee*)

Broader community outreach (*Gabe and Committee*)

Drafting of plan (*George*)

Next Meetings: 1-10-19 and 1-24-19, 5-6pm, upstairs meeting room

6pm Meeting Adjourned

View the PDF powerpoint for this meeting by [clicking HERE](#).