

LAND STEWARDSHIP INCENTIVES AND EDUCATION PROJECT

June 2003

**Completed by Gwendolyn Hilton, the Searsmont Land Stewardship Committee and Searsmont Tax Increment
Financing Committee for the Town of Searsmont
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Table of Contents

Introduction	3
Landowner Outreach Program	4
Recommendations for Tax Increment Financing as a Growth Management Tool, and for the Preservation of High Value Commercial Forestland	8
Recommendations for Property Tax Changes	10
Recommendations for Working with a Land Trust	11
Summary of Land Owner Meetings and Contacts	13
Appendix	
A. Resource Guide: Land Stewardship for Landowners and Municipalities	16
B. Forestry Workshop Flier	23
C. Tax Increment Financing (TIF)	24
TIF Fact Sheet	24
TIF Examples	25
Why TIF for Searsmont (Explanation)	26
Searsmont TIF Financing Policy	27

LAND STEWARDSHIP INCENTIVES AND EDUCATION PROJECT

Introduction

This project was conducted to support the adoption and implementation of the Searsmont Comprehensive Plan, and to investigate incentives for land stewardship and non-regulatory approaches for land preservation and conservation. It was funded through a special grant from the Maine State Planning Office. The work was done between August 2002 and May 2003. The Searsmont Land Stewardship Committee and the Searsmont Tax Increment Financing Committee, both volunteer committees, were both very involved in the project.

The purpose of this document is to present the results and conclusions of work with the Town of Searsmont that might be helpful to other communities. We recommend that readers skim through the text to find those portions that are most applicable to their community. Please pay special attention to **Appendix A, Resource Guide**, because it is a listing of sources of information on technical and financial assistance to landowners and/or municipalities for land stewardship programs.

While the recommendations within this document are specific to Searsmont, many of them are applicable to other small towns. Searsmont is a rural community with a population of nearly 1,200 people. Over the past decade the town has experienced a 25% increase in population with most new homes constructed along rural roads outside the central village. The Town continues to have a strong economic base in forest products with Robbins Lumber and Sprowl Building Components as the major manufacturers and major landowners. Like most small rural towns, people in Searsmont want their community to remain quiet, rural and familiar. However, the community faces the challenge of finding a publicly acceptable balance between regulating land use for the public good and preserving private property rights.

Land stewardship non-regulatory approaches and regulatory incentives for managing growth and conserving important natural resources are an attractive alternative to traditional land use regulations, and should be a part of every growth management program. Stewardship activities can range from establishing working partnerships with local land trusts and large landowners to providing incentives for the preservation of open space through the town's regulatory framework. Land stewardship efforts should also include education about the many technical and financial assistance programs available to landowners for conservation and land management. An overarching goal of any land stewardship effort should be to build a community consciousness that supports long-term land conservation and management of important natural resources, whether they are surface waters, forestland, farmland, wildlife habitat, passive recreation areas, or other important natural resources.

Landowner Outreach Program

Introduction

The Landowner Outreach Program is designed to implement a number of the land stewardship recommendations within the Searsmont Comprehensive Plan. This program is based not only on the recommendations of the Comprehensive Plan, but also on the Land Stewardship Implementation Project that was conducted between August 2002 and May 2003. This project consisted of the following activities:

- Contact with large landowners consisting of phone calls and/or meetings
- Refinement of the Rural Area recommendations of the Comprehensive Plan, including materials to explain the recommendations to landowners and the public
- Research into property tax incentives, including Tree Growth, Farm and Open Space and Tax Increment Financing
- Research into land trusts as a tool for land preservation
- Research into the Maine Beginning with Habitat Program
- Research into a number of other financial and technical assistance programs available to the Town and/or landowners

The results of these activities are reflected in the following plan.

An overarching recommendation for Searsmont is to proactively pursue this Land Stewardship Program to support the goal of preserving the rural, small town character of community. The past decade of fast growth with homes springing up along rural roads has shown how quickly the character of the Town can be transformed. Land is still relatively cheap in Searsmont, but that will not continue to be the case as coastal development spreads into the second tier communities. As land becomes more valuable for development, opportunities to preserve and conserve important natural resources and open space may be lost or significantly reduced.

Implementation of the Land Stewardship Program

Implementation of an ongoing Land Stewardship Program will require a concerted effort on the part of the Town. A Committee of highly motivated citizens and/or the hiring of a staff person to assist are needed to implement this Plan. One approach would be to charge the Committee with development of the overall program, and then hire staff assistance for particular projects with funding from grants associated with the project, or from a town fund. Adoption of a Comprehensive Plan that is deemed consistent with state law, and that contains recommendations for these proposals, will provide significant advantage in seeking state grant funds.

The following is a task-oriented approach for the Land Stewardship Program.

Appoint Committee: The Selectmen should appoint a committed group of citizens to a long-term Land Stewardship Committee.

Committee's Charge: The Selectmen should charge the Committee with implementing the following Land Stewardship Program:

Task 1. Co-sponsor Land Trust Workshop: A representative of the George's River Land Trust conducted a workshop in April 2003 – Follow-up should include:

- Maintaining educational materials on the George's River Land Trust (GRLT) at the town office
- Making landowner referrals to the GRLT
- Continue working with the Land Trust on specific projects as suggested elsewhere in this Plan
- Repeat this workshop in future years, perhaps co-sponsor one with another community

Task 2. Sponsor Forestry Workshop: A forestry workshop was held in May 2003 (see Appendix B) – The goal of the workshop was to educate interested landowners about forest stewardship, technical assistance available through the Maine Forest Service and other private sector foresters, and the Tree Growth Tax Program. Helping landowners to actively utilize their forestland and receive some income for their efforts will help to forestall future development. As a follow-up to this workshop the Town should do the following:

- Continue to maintain materials at the town office on forestry programs, as well as other farm and open space programs
- Consider an annual mailing (perhaps with tax bills) on Tree Growth, Farm and Open Space Tax Law
- Repeat this workshop in future years, perhaps co-sponsor one with another community
- Expand the workshop to include information on the Farm and Open Space Programs

Task 3. Distribute Educational Materials at Town Office or Town Library: This is an ongoing task. A number of materials, including a Resource Guide Notebook, were compiled and provided to the town office staff. These materials will need to be replenished, and any new materials should be added. These materials fall into two categories: those that would be of interest to landowners, and those that would be of interest to the Town. The Land Stewardship Committee could also do displays in the lobby at the town office to highlight some of this information and the availability of some of these materials. For example, this spring a display with materials on forestry, including backyard forestry could be done, or perhaps a display could be put together on land trusts. *Educational efforts must be ongoing to continually remind the public about the opportunities for land stewardship.*

Task 4. Seek Partnerships and Establish Working Relationships and/or Consortiums with other Towns, Public Agencies and Organizations: Since partnerships with other entities will strengthen efforts to achieve land stewardship goals, the Committee should seek these types of relationships. The benefits are many, including access to technical expertise and assistance and increased support for the project and in seeking funding. In particular, the Town should establish a working relationship with the George’s River Land Trust as elaborated upon in another section of this Plan.

Task 5. Develop a Potential Conservation Lands Map and Open Space Plan: This key task will form the basis for other projects within the community. A number of important and critical natural resources were identified within the Comprehensive Plan, such as Levenseller Mountain and the Moody Mountain area. Potential conservation lands may also include outdoor recreation areas, trails and lake and river public access points, and can be linked to existing publicly owned land. A detailed assessment of these areas and prioritization should be completed. This effort should include meetings with representatives of the Beginning with Habitat Program, the George’s River Land Trust, local hunting and fishing organizations, outdoor recreation groups and others, as appropriate. Landowner input is crucial and should also be sought. The final product of the effort should be an Open Space Plan that could be used in the following ways:

- Depending on landowner willingness and interest, high priority areas could be purchased, either outright or through conservation easements, or could be the focus of landowner agreements, such as through side agreements associated with tax increment financing. Another option would be to purchase a right of first refusal so that when and if, the landowner decides to sell his land the Town has an opportunity to purchase it. The Town would have several options, such as purchasing the land to keep or deed over to a land trust, or to attach deed restrictions on future use of the land and then sell it.
- Opportunities for the preservation of some areas may arise as development occurs. The Town’s land use regulations should be amended to make reference to the Open Space Plan, and encourage/require that developers include these areas in open-space set asides as a part of open space subdivisions (cluster development).
- Perhaps more long term would be the use of the Open Space Plan as a basis for open space impact fees or a transfer of development rights program. Open space impact fees are used in some high growth Maine communities to provide funding for open space preservation. For example, in Cape Elizabeth, the fees are paid to the town in lieu of required open space set-asides in subdivisions. This money is then available for land preservation elsewhere in the town. The transfer of development rights technique has not been used in Maine, and traditionally has required extremely high development pressure to be an effective tool for land preservation. However, the planning community continues to explore and discuss the development of a transfer of development rights system that might work in Maine.

A number of communities have developed Open Space Plans. The Open Space Plan developed by the Town of Cumberland is an excellent example, and is currently available at [www.cumberlandmaine.com/ Planning/planningcodes](http://www.cumberlandmaine.com/Planning/planningcodes).

Task 6. Establish a Land Acquisition Fund: The Committee should discuss and make a recommendation to the Selectmen for the establishment of a land acquisition fund. The Comprehensive Plan recommends that 2.5% of the surplus each year be placed in a land acquisition fund. Other sources of revenue for the fund might include: local fundraising efforts, grants for specific projects, and/or open space impact fees. Funds existing in the land acquisition fund could also serve as match for grants for larger sums of money. In 2005 when the Maritimes and Northeast Gas Compressor Station Project comes on line, a considerable amount of money will be added to the property taxes from a development that may not require much in the way of services from the Town. This influx of funds will provide an opportunity for the Town to contribute a considerable amount to the land acquisition fund.

Task 7. Develop and Prioritize Specific Projects and Implement: Several specific areas were identified in the Comprehensive Plan as high priorities for preservation or conservation, a Levenseller Mountain scenic access and a portion of Moody Mountain. This effort should include the identification of areas for inclusion in the Open Space Plan, and potential future acquisition or other conservation efforts, as appropriate.

The Landowner meetings conducted as a part of this project initiated discussions with landowners associated with both these areas. The following are recommendations for future work on these projects.

Moody Mountain – At the landowner meeting in the fall of 2002, a number of Moody Mountain landowners expressed interest in opportunities to preserve and conserve their area. At this meeting the Comprehensive Plan rural area recommendations for the area were explained, a representative of the George’s River Land Trust spoke, and there was some discussion about Tree Growth. Landowners were most interested in Tree Growth, federal technical assistance programs, and options available through the land trust, in particular - mutual covenants, or agreements between landowners. Given the expressed interest of these landowners, this project would probably be a good one to focus on for the upcoming year. If successful, this effort could serve as a demonstration project for land stewardship that would generate interest in land preservation and conservation within the community as a whole. The Land Stewardship Committee should work with interested landowners to determine exactly what they would like to see preserved or conserved in their area, and then discuss various options.

Levenseller Mountain – Levenseller Mountain was identified as a highly valued open space within Searsmont. The Town should investigate land ownership in this area to determine the locations of greatest interest, and then work with the applicable landowners to conserve the scenic aspects of the mountain, and possibly develop a scenic overlook accessible to the public. It is also important to note that the mountain is shared with the Town of Lincolnville, who may also be interested in conserving the area.

Seeking Outside Sources of Funding - Once the Committee has developed specific projects, the Town will be in a position to seek outside sources of funding. The Resource Guide (Appendix A) contains information on a number of funding sources and organizations that can assist in this effort. The George's River Land Trust is an organization that has already indicated an interest in this work, and has experience raising funds and obtaining grants, including through the Land for Maine's Future Program.

Recommendations for Tax Increment Financing as a Growth Management Tool, and for the Preservation of High Value Commercial Forestland

Concurrent with the activities of the Land Stewardship Committee, a Tax Increment Financing Committee was at work investigating and developing a tax increment-financing proposal to dovetail with the Comprehensive Plan goals of making improvements to the village growth area and preserving commercial forestland in the rural areas.

The Searsmont Comprehensive Plan Committee began considering tax increment financing (TIF) as a result of the proposed Maritimes and Northeast Pipeline gas compressor station, which will have a significant impact on the Town's total valuation. Initially, TIF was viewed primarily as a mechanism to offset the negative impacts of reduced school subsidies and increased county taxes associated with the substantial increase in the Town's total valuation as a result of a new gas compressor station. However, after research into the allowed uses of TIF, it was discovered that the Town could use the TIF for economic development activities associated with the village growth area, such as construction of sidewalks and parking in the village, for the establishment of a revolving loan fund for local businesses, and other similar uses.

The Committee also realized there might be other TIF opportunities where funds could be directed towards preservation of high value commercial forestland. While state law does not allow this as a part of the TIF itself, state representatives did suggest it could be used as local leverage, in a separate agreement with a business or industry. Given that Searsmont has two major forest products manufacturers, the Committee decided to investigate the TIF opportunities associated with other commercial/industrial expansions or development. To support this effort, the Committee decided to develop a draft TIF Policy (see Appendix C.) to require that any proposed TIF must meet certain requirements that are consistent with the Town's goals and in the best interest of the community, as a whole. A TIF fact sheet was also developed as an educational tool for use at the annual town meeting and at future public informational meetings (see Appendix C.).

The following are specific recommendations for future work on TIF opportunities within Searsmont.

Tax Increment Financing Recommendations:

1. The Selectmen should review, revise as necessary, and adopt the TIF policy. As an alternative the policy could be adopted by town meeting.
2. The Selectmen should appoint an Economic Development Committee to assist/advise in developing and administering TIF proposals.
3. The Selectmen/Economic Development Committee should send a letter to businesses in town to determine interest in TIF, and then hold an informational meeting, if deemed appropriate.
4. The Selectmen/Economic Development Committee should meet with individual businesses that are interested in TIF and that might qualify for TIF.
5. The Selectmen/Economic Development Committee should meet with industrial forestland owners to determine interest in TIF with side agreement to preserve commercial forestland.
6. The Selectmen should hire a TIF consultant to assist in drafting specific TIF proposals (development cost should be borne by the business/industry that potentially will benefit, where appropriate). These proposals will need to be reviewed by an attorney and approved by the Maine Department of Economic and Community Development (DECD). DECD should be consulted early in the process of developing the proposals. Town meeting approval of the TIF district(s) will also be required.
7. In the development of a TIF where there will be a side agreement specifying the permanent preservation of commercial forestland, the effort will require identification of the specific areas to be preserved. The Town will need to determine the criteria for the commercial forestland to be included in the agreement. For example, high value forestland that is most threatened by future development should be a high priority, particularly if the land has other values such as location adjacent to the George's River, or with special scenic or wildlife values. The George's River Land Trust has indicated an interest in being involved in this effort, and could also be considered as the organization to hold the conservation easements on the identified land. The Town might also consider involving an independent forester to identify high value commercial forestland appropriate for preservation within the side agreement to a TIF proposal for industrial landowners.
8. Another TIF proposal will be required for the Maritimes and Northeast Gas Compressor Station when it is developed (currently anticipated for 2005). Even though Maritimes and Northeast has indicated that they are not interested in a TIF, the Town can still utilize TIF on the project with the goal of using the new TIF funds for economic development purposes. In preparation for this proposal the Selectmen/Economic Development Committee should explore the details of this proposal with the DECD, and if it is a viable project, begin development of a plan for improvements to the village to include sidewalks, parking, landscaping, etc. The Selectmen/Economic Development Committee should also seek a Community Development Block Grant Planning Grant or other grant funds for the planning work.

Recommendations for Property Tax Changes

State law specifies how land shall be taxed within Maine, and spells out specifically under what conditions and to what extent property taxes can be reduced as an incentive for land preservation. This system allows very little room for creativity for designing a town's valuation system so that it rewards land preservation. The following is a brief explanation from the Maine Municipal Association on the way the system works.

The Maine Constitution says that property shall be assessed at its "just value." The courts have interpreted "just value" to mean fair market value or in other words "what the property is worth." A property's worth is commonly looked at as "what a willing buyer would pay a willing seller" for a particular piece of property. Determining the market value of property is no easy task. Local assessors use three basic methods to determine a property's worth. One method compares the selling price of similar types of property. A second method determines how much it would take at the current price of materials and labor to replace a building, then subtracts out how much the building has depreciated. The third assessment method evaluates how much income the property would produce if it were rented, like an apartment house, store or factory. One, two or all three of these methods might be used to help the assessor determine the fair market value of property. It is also important to note that land and buildings are valued separately. Therefore, a home with water frontage may be assessed at a significantly higher value, because of the land's value, than an identical home without water frontage.¹

Maine has two current use programs designed to promote conservation of forestlands, farmlands, wildlife habitat and open space: the Tree Growth Program and the Farm and Open Space Program. The Maine Tree Growth Program allows for the valuation of land that has been classified as forestland on the basis of productivity value rather than fair market value. Similarly, the Farm and Open Space Law provides for the valuation of land which has been classified as farmland or open space land based on its current use as farmland or open space, rather than its potential fair market value for more intensive uses other than agriculture or open space. Only the Tree Growth Program provides a reimbursement to municipalities for tax revenues shifted to other local property taxpayers as landowners enroll in the program. (See Resource Guide (Appendix A.) for additional information on the Tree Growth and Farm and Open Space Programs)

According to ***Report on the Use Of Incentives to Keep Land in Productive Farming, Fishing and Forestry*** prepared by the Maine Land and Water Resources Council (February 15, 2001), "*The Tree Growth Law has been very effective in keeping forest land undeveloped and in productive forest management. The Program can often mean the difference between land staying undeveloped and its conversion to developed uses, particularly in organized towns.*" From a land preservation standpoint, the Tree Growth Program and Farm and Open Space Program fall short of providing permanent, long-term land protection from development because both programs allow landowners

¹ Maine Municipal Association WEB page on Municipal Property Tax

to remove their land from the programs if they pay a penalty. While the penalties can be significant, particularly for Tree Growth, they may not be great enough to offset development pressures, particularly when there is a high demand for land for housing. In many ways these programs just buy time for communities trying to support resource-based activities and preserve open space.

Searsmont's overall property valuation system is similar to that used in other small towns. The land valuation system is tiered, with house lots receiving the highest valuation depending on what type of road they front on (in the range of \$15,000/acre); excess road frontage lots at around \$3,000/acre, and then several categories based on the number of acres added to the frontage lots (between \$600/acre to \$800/acre), back lots at \$300/acre; and the lowest value of \$50 per acre for wasteland. The State has set the 2003 Tree Growth property tax rates for Waldo County are \$233.10/acre for softwood, \$129.30/acre for mixed wood and \$90.90/acre for hardwood. Tree Growth provides the greatest savings to landowners for road frontage and somewhat less savings for backland. Considerable savings can also be realized with some waterfront property, as well. It should also be noted that Tree Growth is based on the state valuation, and the closer the town's valuation is to the state valuation the greater the savings to the landowner through the Tree Growth Program.

According to town officials the Town will be looking at a revaluation in the near future, which will provide an opportune time to evaluate the land valuation system with respect to the goal of preserving important forestland, farmland and open space. To the extent legally allowed, the taxation system should encourage use of the Tree Growth Program and Farm and Open Space Programs. State reimbursement for Tree Growth will cushion the tax shifts away from Tree Growth properties to other properties. It can also be argued that keeping this land undeveloped will slow increases in property taxes associated with providing services to new residential development. It is also important to note that the future addition of the Maritimes and Northeast Gas Compressor station will have a significant impact on property taxes within the community.

Recommendations for Working with a Land Trust

An increasing number of municipalities are seeking partnerships with land trusts in their efforts to preserving important natural resources and open space. Land trusts are well suited to land preservation activities because they specialize in the various techniques and benefits associated with the donation of land or conservation easements to a non-profit organization. Land trusts also have the advantage of being relatively immune to political pressures and being able to seek funds not necessarily available to towns. Additionally, they can act more quickly and sensitively to protect property while respecting a landowner's privacy. It is also important to understand that permanent long-term protection for town owned land must be specifically established through conservation easements held by a land trust or some other similar mechanism that assures that a future town meeting or legislative vote cannot change the preservation of the land in perpetuity. For these reasons, land trusts are often better suited to land preservation and conservation than towns.

With these potential benefits in mind, research was done to determine what approach would be most beneficial to a small community like Searsmont. The conclusion from the research on land trusts and municipal relationships with land trusts is that small communities would do better to form a relationship with an existing land trust rather than create a new one. The organization and on-going management of a land trust involves considerable effort and expense, including establishment of non-profit status, formation of a board of directors, fundraising, hiring of staff, negotiating with landowners, managing property, education, etc. Given that Searsmont is a small community with limited resources, it would be difficult to establish and maintain a viable land trust. Fortunately, there is an existing land trust, the George's River Land Trust (GRLT) that has as one of its primary goals, land preservation in the George's River watershed. The GRLT is well established and experienced in working with landowners, state agencies, and others in land conservation. Representatives from the George's River Land Trust have indicated a strong interest in working with Searsmont. ***Land trusts, in general, are very interested in establishing working relationships with municipalities.***

There are a number of ways the Town should work with the GRLT.

1. **Education.** The Town should work with the GRLT to educate the public about land preservation opportunities and the benefits of working with a land trust. Activities could include:
 - Distribution of land trust publications at the town office
 - Making referrals to the GRLT
 - Sponsoring workshops with GRLT staff, and
 - Other activities within the ongoing landowner outreach program.
2. **Partner in Open Space Conservation/Preservation Programs.** The Town should include the GRLT in its efforts to identify areas desirable for conservation (Open Space Conservation Plan). The GRLT's current focus on the George's River watershed coincides with town's interest, and could potentially dovetail with the town's desire to preserve high value commercial forestland. In instances where landowners are interested, the GRLT could be the vehicle for land donations, land purchase or the holding of conservation easements. GRLT could also be a partner in seeking grants and raising funds for purchase of land or easements. GRLT's recent work with the Town of Union is an example of an approach that might work well for Searsmont. GRLT worked with the Union using the Beginning with Habitat Maps to identify potential areas for conservation. GRLT also served as the applicant for Union's Brae Maple Farm project that sought funding through the Land for Maine's Future Program.
3. **Land Use Regulation.** Searsmont's land use regulations can be designed to include a potential role for the GRLT. The town's land use regulations should include provisions to require or encourage open space and cluster developments. Typically, these types of regulations require that a certain portion of the development or subdivision be permanently set aside

as open space. One of the options for permanently maintaining this open space is to deed the land or conservation easements on the land to a land trust. The land trust is then responsible for overseeing management of the property and enforcing the open space requirements. A good example of this type of relationship is the Town of Brunswick and the Brunswick Topsham Land Trust. Brunswick's land use regulations require that 40% of the total area of a cluster development be in permanently preserved open space. The regulations require that the open space be dedicated as a recreational amenity and environmental enhancement to the development, and specify five options for control of the common open space. Two of these options are transfer of the land, with permanent restrictions, to a land trust or other recognized conservation organization, or common ownership by residents with conservation easements granted to the town or a recognized conservation organization. In this way the land trust is responsible for management and protection of the open space. Additionally, the ordinance should be designed to make reference to the Open Space Plan mentioned previously, so that important lands can be protected as development proceeds.

Summary of Landowner Meetings and Contacts

The Searsmont Comprehensive Plan Committee decided it was very important to contact and meet with large landowners within the community to do the following:

- Explain the proposed Comprehensive Plan, and in particular the Land Use Plan and the provisions for rural areas
- Better understand large landowner desires for the future of their land
- Explain the various non-regulatory land stewardship options
- Determine landowner interest in the non-regulatory options, including incentives for preservation of open space

Approach

The Land Stewardship Committee, a 5-member subcommittee of the Comprehensive Plan Committee, was appointed to work with a consultant on the large landowner effort. After some discussion about approach, it was decided to focus on a small group of the largest landowners. A list of those landowners with 200 or more acres in the Town was compiled. This list consisted of approximately a dozen large landowners.

A Committee member then contacted most of these people by phone to initiate discussion about the Plan and the non-regulatory options, and to ask if they would be interested in meeting. The results of this initial contact were quite helpful, even though the responses were

quite varied. Everyone contacted was interested in discussing the topics of the conversation, but not everyone was interested in meeting with a member(s) of the Committee and/or the consultant. Some landowners were enthusiastic about meeting, while others were not interested. Several landowners seemed somewhat suspicious, and did not seem to want to share their thoughts. As a result of these initial contacts various types of meetings, and in some cases additional phone conversations were done. The initial contacts made it possible to better prepare for the meetings.

Several members of the Committee had already met with representatives of Robbins Lumber, the largest landowner and employer in town, and contact with them was maintained throughout the effort. A Comprehensive Plan Committee member, who indicated no additional, private meetings were necessary, represented the other large landowner, Sprowl Building Components. Robbins was also represented on the Comprehensive Plan Committee.

Materials prepared or made available for these meetings, and for use in the Comprehensive Plan public participation process included:

- Comprehensive Plan summaries
- A series of graphical examples displaying scenarios under the proposed rural area designations, which proved to be very helpful
- A table summarizing the non-regulatory land stewardship options (Appendix A. Resource Guide)
- Additional information on some of these options, including the Tree Growth and Farm and Open Space Program, and the George's River Land Trust

Results and Conclusions for Landowner Meetings and Contacts

- It was extremely beneficial to have the largest landowners in town represented on the Comprehensive Plan Committee.
- The contacts gave the landowners a much better understanding what was being proposed and the reasons for the proposals in the Comprehensive Plan. In fact, considerable discussion focused on explaining the proposed Land Use Plan.
- The Town gained a better understanding of the feelings and concerns of large landowners in the community.
- Most landowners appreciated being contacted, and in some cases, the effort created a relationship between town officials and the landowner that was not previously present. Hopefully, this relationship will help in future efforts.
- The Town became more aware of how few landowners were taking advantage of the Tree Growth Tax Program, or Farm and Open Space Program, and how there was considerable interest in learning more about these programs (Searsmont has extensive commercial forestland, but little active farmland).
- Several landowners, who expressed interest in working with the Land Trust, learned more about conservation easements and other similar land preservation options. The Town facilitated landowner contact with a representative of the George's River Land Trust in several instances.

- Some landowners expressed serious reservations about permanently preserving land, and thought a shorter-term commitment would be more palatable.
- The overall outcome of this effort was largely an educational one, and in some cases the establishment of a relationship with a landowner that could lead to specific land preservation or conservation actions in the future.
- In some cases, the fact that the land stewardship effort was part of the effort to encourage adoption of the Comprehensive Plan may have hindered a positive outcome with some landowners, who felt threatened by the proposed land use regulations. However, in other cases the effort may have garnered support for the Comprehensive Plan. In instances where landowners were negatively disposed to the land stewardship program, the Town may want to follow-up at a later date under different circumstances.

Follow-up

As a direct result of these meetings, the Town organized a Searsmont Forestry workshop on forest stewardship and the Tree Growth Program. The Town also agreed to co-sponsor a workshop put on by the George's River Land Trust. Other recommendations for follow-up are included in other sections of this document.

**APPENDIX A.
RESOURCE GUIDE: LAND STEWARDSHIP
FOR LANDOWNERS AND MUNICIPALITIES**

The following tables present a number of programs that are available to provide funding and/or technical assistance to landowners and municipalities for the long term protection of forestry, farming and open spaces. Some of these programs are available to landowners, and others are only available to municipalities or non-profits, such as land trusts. [Created by Gwendolyn R. Hilton, Consultant in Community Planning, hilton@tdstelme.net with additions from George’s River Land Trust (594-5166; anet@midcoast.com)]

SECTION 1: Tax Incentives for Forestry, Agriculture and Open Space Preservation		
Tax Program	Agency/Contact	Provisions: L (landowner) M (municipality)
Maine Property Tax Reductions for Forestland, Farmland and Open Space	Town Board of Assessors Property Tax Division, Maine Revenue Services, 207-624-9693, http://www.state.me.us/revenue	L: These programs can provide significant reduction in property taxes: <ul style="list-style-type: none"> • Tree Growth Property Tax Program • Farmland and Open Space Property Tax Program
Maine Forest Management Planning Tax Credit	Maine Forest Service, 207-287-1073 or 1-800-367-0223; State Income Tax Divisions 207-626-8475	L: Available to non-industrial woodlot owners State Income Tax Credit (52 MRSA 5219-C) State income tax credit of up to \$200 every 10 years to offset cost of having a forester prepare a forest management plan
Maine Sales Tax Exemption	Sales Tax Division, Maine Revenue Services, 207-624-9693, http://www.state.me.us/revenue	L: Sales tax exemption for agricultural businesses Whole sale agricultural operations do not have to pay sales tax on many farm related purchases, including equipment, seeds, hay, feed, electricity, etc.
Municipal Property Tax, State and/or Federal Income Tax, Estate and Gift Tax Reductions	Consult your attorney and tax consultant	L/M: Considerable tax savings may be realized through the donation of land or conservation easements to a non-profit conservation organization, such as the Georges River Land Trust. Tax savings are dependent upon the size and value of the land. Tax savings can include reductions in property taxes, state/federal income taxes, and estate (inheritance) and gift taxes.

**SECTION 2: Financial and Technical Assistance for
Forestry, Agriculture and Open Space Preservation**

Program	Agency/Contact	Provisions: L (landowner) M (municipality)
Service Forestry Program (Maine Forest Service)	Maine Forest Service, 22 SHS, Augusta, ME 04333 1-800-367-0223, www.state.me.us/doc/mfs/mfshome.htm	L/M: State field foresters provide educational and technical assistance to landowners, loggers and the general public. A good first contact for forestry-related questions and concerns is you area's District Forester.
Maine Forest Stewardship Program	Maine Forest Service, 22 SHS, Augusta, ME 04333 1-800-367-0223, www.state.me.us/doc/mfs/mfshome.htm	L: Cost-share and technical assistance for developing forest management plans, and conducting woodlot stand improvements. Maine Forest Service has a list of licensed foresters, forest certification information, stumpage prices, insect and disease reports, Forest Service rules for logging, and a number of other publications.
Maine Association of Consulting Foresters	www.acf-foresters.com	L: Listing of member foresters
County Soil & Water Conservation District/U.S. Resource Conservation Service/Farm Services Agency	Natural Resources Conservation Service 967 Illinois Avenue, Suite #3 Bangor, ME 04401; 207-990-9100, Ext. 3 www.me.nrcs.usda.gov	L/M: Agriculture, forestry, water quality, lake watershed protection, wildlife habitat, etc. Cost share and technical assistance for a variety of natural resource projects – County Conservation District Committees decide on priorities for 2002 Federal USDA Farm Bill spending
Maine Cooperative Extension Service, (Community educational branch of the University of Maine system)	UMCE Office, 5741 Libby Hall, Orono, ME 04469, 1-800-287-0274 www.umext.maine.edu	L/M: Provides educational and technical assistance on a broad range of areas including, forestry and wildlife, woodlot management, pest management, master gardener training, vegetable gardening/horticulture, home based business management, farm management, livestock and forage management, water quality and lake stewardship. An extensive list of low cost/free publications on a variety of topics is available.
Small Woodlot Owners Association of Maine (SWOAM)	SWOAM, P.O. Box 836, Augusta, ME 04332, 207-626-0005, www.swoam.com	L/M: Non-profit educational and advocacy organization, monthly newsletter, workshops and educational tours, research and policy groups

**SECTION 2: Financial and Technical Assistance for
Forestry, Agriculture and Open Space Preservation**

Program	Agency/Contact	Provisions: L (landowner) M (municipality)
Maine Farms for the Future	CEI/Maine Farms Project, Unity Community Center, School Street, P.O. Box 188, Unity, ME 04988, 207-948-3336, jp@ceimaine.org , www.ceimaine.org	L: Technical and financial assistance for farming operations. Financial assistance for writing business plans and training in farm operations & economics; can include loans of up to \$25,000 to implement business plans. Professional assistance in developing logos, brochures and other promotional materials. Below market rate loans to organic farms, or farms transitioning to organic production.
Agricultural Business Development	Maine Department of Agriculture, 28 SHS, AMHI Complex, Augusta, ME 04333, 207-287-3491, www.state.me.us/agriculture/mpd	L: Technical assistance regarding irrigation, cranberry production, new crop development, labor, business planning and market development and promotion. Also, <ul style="list-style-type: none"> • Business Resource Directory • Business Planning assistance, necessary for loans/grants • Grants for business plans, scholarships for business planning
Agricultural Marketing Loan Fund	Maine Department of Agriculture, 28 SHS, AMHI Complex, Augusta, ME 04333, 207-287-7620, John.Harker@state.me.us	L: Loans for either 45% or 55% of cost of capital improvements for farm businesses
Agricultural Business Grants	Maine Department of Agriculture, 28 SHS, AMHI Complex, Augusta, ME 04333, 207-287-7620, John.Harker@state.me.us	L: Several grant programs available, some for individuals, others for groups of farmers. Includes: <ul style="list-style-type: none"> • Competitive grant program aimed at encouraging innovative efforts by farmers and food processors to expand markets, promote products and test new innovative equipment • Grants to potential lenders for testing new technologies • Farms for the Future Grants (see above) • Irrigation Grants for development of alternative water sources

**SECTION 2: Financial and Technical Assistance for
Forestry, Agriculture and Open Space Preservation**

Program	Agency/Contact	Provisions: L (landowner) M (municipality)
Hannaford/Local Purchase Project	Maine Department of Agriculture, 28 SHS, AMHI Complex, Augusta, ME 04333, 207-287-7620, John.Harker@state.me.us	L/M: Promotes the sale of local produce in supermarkets. Information on wholesaling, including quality, quantity and pricing requirements
Maine FarmLink	Maine FarmLink, PO Box 170, Unity, ME 04988, 207-568-4160/4141, smok@mofga.org , www.state.me.us/agriculture/mpd/farmlink/index.html	L: Program that connects Maine farmers who are looking to sell, but wish to see their farms remain active, with people who would like to farm. Farmers are asked to consider long-term leases and work-in options in addition to outright sales. All initial contacts are made through FarmLink and information remains confidential. Thirty farms are currently enrolled in the database.
Maine Organic Farmers and Gardeners Association	MOFGA, Common Ground Country Fair, PO Box 170, Unity, ME 04988, 207-568-4142, mofga@mofga.org	L/M: Promotes sustainable, organic farming and gardening. Activities include: <ul style="list-style-type: none"> • Educational and technical assistance, including pest reports • Organic Certification Program • Public Policy and Consumer Awareness Program • Apprentice Program and School Garden Network
Maine Natural Areas and Beginning with Habitat Programs	Natural Areas Program, Maine Department of Conservation, 93 State House Station, Augusta, Maine 04333, 207-287-8044, www.state.me.us/doc	M: <ul style="list-style-type: none"> • Technical assistance to towns, landowners and others regarding habitat issues, protection measures and conservation site planning • Conducts animal, plant, and natural community inventories and research, including information on rare plants and unique or exemplary natural communities

**SECTION 2: Financial and Technical Assistance for
Forestry, Agriculture and Open Space Preservation**

Program	Agency/Contact	Provisions: L (landowner) M (municipality) -Both for all below
<p>Local Area Land Trusts</p> <p>Maine Coast Heritage Trust</p>	<p>Maine Coast Heritage Trust One Main Street Bowdoin Mill Topsham, ME 04086 207-729-7366 www.mcht.org</p>	<p>Provides technical assistance on land protection to towns, private landowners, public agencies and land trusts statewide. Operates land trust network; publishes newsletter, hosts workshops, provides brochures, technical bulletins, legislatively advocates for land preservation; and has revolving fund for land acquisition. Excellent publication: <i>Conservation Options- A Guide for Maine Landowners</i> about the land conservation process and the options available; Contact Maine Coast Heritage Trust</p> <p>Local Land Trusts often do the following:</p> <ul style="list-style-type: none"> • Accept donations of land or interest in land, and acquisitions of lands • Provide technical assistance on long-term land preservation/conservation options for landowners • Work in partnership with towns, hold conservation easements on common open space set-asides in rural subdivisions • Assist in Land for Maine’s Future Grants
<p>Maine Farmland Trust</p>	<p>Maine Farmland Trust, P.O. Box 1597, Bucksport, ME 04416 207-469-6465 www.mltn.org/trusts/mft</p>	<ul style="list-style-type: none"> • Assists landowners, land trusts, towns, state agencies in farmland preservation • Sponsors statewide conference • Produces educational materials and newsletter • Assists in Land for Maine’s Future farmland applications
<p>Trust for Public Land</p>	<p>TPL, 245 Commercial Street, Portland, ME 04101, 207- 772-7424 www.tpl.org</p>	<ul style="list-style-type: none"> • Works in partnership with towns, community groups, local trusts to help preserve lands of recreational, educational, and cultural and historic value. • Provides assistance with real estate transactions, coalition building and financing strategies • Can act quickly to take important lands off the market until funds are available for public acquisition.

**SECTION 3: Funding and Technical Assistance
Available with Municipal or Agency Partners**

Program	Agency/Contact	Purpose of Program: L (landowner) M (municipality)
Land for Maine's Future Program	Maine State Planning Office 38 SHS, 184 State St., Augusta ME, 04333 87-3261, 1-800-662-4545 www.state.me.us/spo/lmf	L&M: For purchase of land and/or conservation easements of state significance, including: <ul style="list-style-type: none"> • Recreation lands and areas of scenic beauty • Prime physical features (landscapes) • Farmland or open space • Undeveloped shore lands and/or wetlands • Fragile mountain areas and areas with conservation, wilderness or recreation values • Plant and wildlife habitats or natural communities considered rare, threatened, endangered • Priority for projects with multiple outstanding resources or recreation values or a single exceptional value, provide geographic representation and add to existing holdings • Land primarily used or valued as commercial forest land <u>does not</u> qualify
Forest Legacy Program	Grants & Community Recreation Maine Bureau of Parks & Lands, Department of Conservation, 22 State House Station, Augusta, Maine 04333, 207-287-2163 mike.gallagher@state.me.us	L&M: Voluntary private land conservation program between USDA Forest Service, states, land trusts, private landowners and others. Program uses conservation easements and other acquisition types to protect and conserve environmentally important forest areas that are threatened by conversion to non-forest uses.
Maine Outdoor Heritage Fund	Maine Outdoor Heritage Fund, 67 Leighton Rd., Pownal, ME 04069, 207-688-4191 www.state.me.us/ifw/outdoorheritage	L&M: Requires partnership with a designated public agency. Grants awarded twice a year for projects in the following categories: <ul style="list-style-type: none"> • Fisheries, wildlife and habitat conservation projects • Acquisition and management of public lands, parks, wildlife conservation areas, public access and outdoor recreation sites and facilities • Endangered species and threatened species conservation projects • Natural resources law enforcement, including environmental education

**SECTION 3: Funding and Technical Assistance
Available with Municipal or Agency Partners**

Program	Agency/Contact	Purpose of Program: L (landowner) M (municipality)
Maine Land and Water Conservation Fund	Grants & Community Recreation Maine Bureau of Parks & Lands, Department of Conservation, 22 State House Station, Augusta, Maine 04333, 207-287-2163, mike.gallagher@state.me.us	L&M: Provides up to 50% reimbursement for the acquisition and/or development of publicly owned outdoor recreation facilities for either active or passive public use.
Maine Recreational Trails Program	Grants & Community Recreation Bureau of Parks & Lands Maine Department of Conservation, 22 State House Station, Augusta, Maine 04333, 207-287-2163, mike.gallagher@state.me.us	L&M: Funds can be used for the following purposes: <ul style="list-style-type: none"> • Construction, maintenance and rehabilitation of trails, trailhead facilities and linkages • Acquisition of easements or fee simple title to trail corridors • Educational programs to promote safety and environmental protection related to trails
Maine Snowmobile Trail Grants; ATV Trail Grants; Boat Access Grants	Grants & Community Recreation Maine Bureau of Parks & Lands, Department of Conservation 22 State House Station, Augusta, Maine 04333, 207-287-2163 mike.gallagher@state.me.us	L&M: Three separate grant programs: <ul style="list-style-type: none"> • Snowmobile grants to towns and clubs trail development and maintenance (Contact: Scott Ramsay 207-287-4957) • ATV grants to towns and clubs for trail development and maintenance • Boat access grants for towns and private organizations to acquire, develop and improve local public boat facilities
Private Foundation Grants	Maine Community Foundation 245 Main St., Ellsworth, ME 04605, 207-667-9735, www.mainecef.org Maine Fund for Land Acquisition C/o Maine Community Foundation, P.O. Box 7380, Portland, ME 04112, Ann Tarte 207-761-2440, atartre@mainecf.org	L&M: Maine’s only community foundation (i.e., manages a number of grants from various sources). Two grant programs of interest: <ul style="list-style-type: none"> • <u>Community Building Grant Program</u> – grants up to \$7500; available to public agencies; for projects that strengthen communities to build future challenges, etc. • <u>Maine Fund for Land Acquisition</u> – grants from \$2000-\$10,000+; only available to land trusts (town as possible partner); for land or easement acquisition and related expenses.

APPENDIX B. FORESTRY WORKSHOP AGENDA (From Searsmont Project)

Session 1: Options for Managing Your Woodlot: Ways to improve your woods that benefit you and the environment.

Presenter: District Forester, Maine Forest Service

To include:

- Establishing objectives: considerations to include recreation, wildlife habitat, timber and wood production, aesthetics, soil/water conservation, etc.
- Reasons for Developing a Forest Management Plan
- Selecting and Working with a Consulting Forester
- Selecting and Working with a Logger
- Legal Issues and the Importance of Identifying Boundary Lines
- Timber Harvesting Laws to be aware of
- Sources of additional help, information, and cost share assistance

Session 2: The Maine Tree Growth Property Tax Program

Presenter: Stewardship Forester, Maine Forest Service

Learn about the benefits and considerations for putting your land into Tree Growth. The Tree Growth Tax program can be used to reduce your property taxes, but requires that one of your goals be to harvest timber based on a Forest Management Plan. There are also penalties for taking land out of Tree Growth to permit residential or other non-forestry types of uses.

Session 3: Industry Landowner Assistance Program

Presenter: Industry Forester, [Robbins Lumber] Landowner Assistance Program

Like some other industrial landowners in Maine, Robbins Lumber offers forestry assistance to landowners. Learn about Robbins Lumber's program, and how they might be able to assist you in managing your woodlot.

APPENDIX C. MUNICIPAL TAX INCREMENT FINANCING FOR SEARSMONT

(Fact Sheet)

Tax Increment Financing (TIF) is a State authorized tool where some or all of the NEW property tax revenues generated by the expansion of an existing business or the creation of a new business can be used for economic development. TIF is designed to:

- Create or retain jobs
- Expand the Town's tax base
- Provide financing for public improvements to support business development (e.g., sidewalks, parking; revolving loan fund)
- Should be designed to support the growth and rural area goals of the comprehensive plan

TIF uses the new property taxes from:

- The expansion or relocation of an existing business
- The development of a new business

TIF Benefits to the Town include:

- The town avoids paying a higher share of the school and county taxes
- TIF provides an economic incentive to promote the goals of the comprehensive plan, i.e., incentive for growth in growth areas, and preservation of natural resource based activities in rural areas
- The town can use the money for improvements to the community's infrastructure that support local businesses, such as sidewalks, parking, access roads, lighting, etc.

TIF Benefits to Businesses include:

- The town can use the money for a revolving loan program that provides low-interest loans to businesses.
- The town can pass the money back to a business (like a tax-rebate) to help with financing the business expansion and development

How TIF Happens:

- The town establishes a TIF policy (recommended)
- Town officials and/or interested business leaders develop a TIF application
- The application is reviewed and approved by the Maine Department of Economic and Community Development
- The official designation of a TIF district requires a public hearing and majority vote of a town meeting (legislative body).

TAX INCREMENT FINANCING (TIF) EXAMPLES

(Educational material for the public)

(Information for the following was obtained from Maine Department of Economic and Community Development materials)

A business owns land valued at \$100,000 and pays \$2,000 in property taxes to the town. The business plans to invest \$500,000 in buildings and site improvements on this parcel. The business also plans to install \$400,000 in manufacturing machinery and equipment. The town's property tax mil rate is \$20 per \$1,000 of valuation, so the business will have a tax obligation of \$20,000 per year once the investments are recorded on the town's tax rolls. Of this tax obligation, \$18,000 is NEW, or "incremental", and therefore eligible for TIF. The Town is interested in the TIF because all, or a portion of the new investment (\$18,000) does not count in the calculation of the town's total valuation for purposes of state education and revenue sharing subsidies or in assessment of the county tax. Therefore, the Town avoids paying a higher share of the school and county taxes, and state revenue sharing coming to the town is not reduced. The Town can also use this money for a variety of economic development projects.

Scenarios 1: Credit Enhancement Agreement. The town agrees to "capture" 75% of the incremental tax revenues for a period of 15 years and return them to the business to assist in financing the new building. The business would receive \$13,500 in the first year of the TIF, though subsequent payments might be adjusted for equipment depreciation, real estate appreciation, and future capital investments. All things being equal, however, the business would receive approximately \$202,500 over the life of the TIF district (15 years). Under this scenario, the town supports the business to maintain or increase jobs and expand the economic base of the community. The town also avoids paying higher share of school and county taxes, and revenue sharing money is not reduced.

Scenario 2: Municipal Bond Financing. The business needs a road and utilities installed for \$150,000. Using TIF, the town agrees to pay this cost, issuing a 20-year general obligation bond in the amount of \$150,000. Annual debt service on the bond will be \$12,338, which the town will "capture" out of the new incremental taxes on the business. Again, under this scenario, the town supports the business to maintain or increase jobs and expand the economic base of the community. The town also avoids paying higher share of school and county taxes, and revenue sharing money is not reduced. Lastly, the road and utilities could potentially benefit other businesses on adjacent properties.

Scenario 3: Economic Development Fund. The town decides to "capture" all of the incremental (new) taxes (\$18,000 per year) to make sidewalk and parking improvements in the village and to establish a low-interest revolving loan fund for local businesses. Both of these would support future economic development. The town could use a "pay as you go" approach or use a 20-year general obligation bond to fund the sidewalk and parking improvements.

WHY ARE WE TALKING ABOUT TAX INCREMENT FINANCING FOR SEARSMONT?

WHY MIGHT TAX INCREMENT FINANCING BE ADVANTAGEOUS TO SEARMONT? (Educational Material)

The Searsmont Comprehensive Plan Committee began considering TIF when the Maritimes and Northeast Pipeline proposed a \$20,000,000+ gas compressor station in town. The gas compressor station will have a significant impact on the Town's total valuation, which means that the Town will pay a significantly larger share of the school and county tax, once it is constructed. A TIF can be used to offset this negative impact, while at the same time allowing the new tax revenues to be used for fire protection equipment necessary for the gas compressor station, for the construction of sidewalks and parking in the village, for the establishment of a revolving loan fund for local businesses, and other similar uses. The Committee decided these potential opportunities were worthy of further investigation. The sidewalks and parking would make the Village more attractive for homes and neighborhood businesses, which is one of the goals of the Comprehensive Plan. The revolving loan fund would support local entrepreneurs and others in developing businesses consistent with the goals of the Plan.

The Committee also realized that there might be other TIF opportunities within the Town that would provide non-regulatory incentives to further the goals of preservation of high value commercial forestland. While state law does not allow this as a part of the TIF itself, it can be used as leverage, in a separate agreement with a business or industry. Given that Searsmont has two major forest products manufacturers, the Committee decided the Town needed to investigate the opportunities through TIF, again to further the goals of the Comprehensive Plan to support the existing forest products industries and the preservation of commercial forestland associated with those industries.

As a result of recommendations in the proposed Comprehensive Plan, the Searsmont Board of Selectmen appointed a TIF committee to further investigate the opportunities and benefits of TIF for Searsmont. Given that the gas compressor station was proposed in the near future, the Board felt it was important to move forward on the investigation. This Committee developed the following draft TIF Policy with the goal that any proposed TIF must meet certain requirements that are consistent with the Town's goals and in the best interest of the community, as a whole.

Town of Searsmont
Tax Increment Financing (TIF) Policy – A Guidance Document
(Primary Drafter: Mickey Sirota, Searsmont TIF Committee)

Overview

Tax Increment Financing (TIF) is a Maine state-approved mechanism by which some or all of the additional tax value generated by a new development is sheltered from a community’s tax valuation, and is therefore not included in the formula used to calculate school assessments and County taxes. The tax amount associated with this “captured value” can either be passed back to the business undertaking the development (in effect, providing a tax rebate to help defray the development’s cost, or as an incentive to do business in the Town), or be used to finance various public improvements, or both. A TIF District is any area so designated by the Board of Selectmen and approved by vote of the Town of Searsmont (“Town”) at a regularly scheduled or special Town meeting.

TIF’s can include a Credit Enhancement Agreement (CEA) negotiated between the business(es) involved with the TIF and the Town. A CEA describes how, and in what proportion, new taxes assessed on the increased value of the developed property will be shared by the business(es) and the Town. Some of the tax revenues on the increased value that are retained by the Town can be placed in an Economic Development Fund account.

When a CEA is used, any out-of-pocket expenses incurred by the Town in connection with the TIF will be reimbursed by the applicant, whether or not the TIF is approved by the State of Maine.

Purpose

The Town of Searsmont establishes this Tax Increment Financing (TIF) policy to guide the Town in creation of Municipal or Credit Enhancement Tax Increment Financing districts, and adoption of development programs and financing plans in connection with those districts. The Town encourages and supports economic development and infrastructure improvements determined by the Board of Selectmen to be compatible with the Town’s Comprehensive Plan and existing local ordinances, and that provide a community benefit.

These development programs and financing plans will encourage and support environmentally sound industrial and commercial development projects involving the following:

- The processing and manufacture of natural resource-based products; and/or

- Economic development projects deemed necessary and/or appropriate by the Town to create and/or retain employment within the Town, or expand its economic base, as defined in criteria and guidelines created by the Town’s Board of Selectmen, approved by the Town, and in force at the time any TIF is created.

Authority

The legal authority for the Town to establish a Tax Increment Financing District is pursuant to Title 30-A, M.R.S.A., Sections 5252 to 5254, or any other appropriate M.R.S.A. Titles and Sections in force at the time any TIF is created.

Basic Provisions

1. Tax Increment Financing will be provided through Municipal or Credit Enhancement Agreements, or by the issuance of an obligation bond.
2. Specific terms of each TIF agreement will be negotiated between the Town and the business(es), except in the case of a Municipal TIF, where no such negotiation is required.
3. Tax revenues generated from any TIF, but not provided to a business or businesses under a Credit Enhancement Agreement, will be placed in a special Town account, monies from which will be used to finance economic development through
 - a. Public infrastructure improvements within the TIF district, and/or
 - b. Public safety improvements, and/or
 - c. The operation of economic and community development programs.
4. Any executed Credit Enhancement Agreement will provide for recapture by the Town of all benefits of the project if the business(es) should move to another municipality prior to the end of the term of the TIF.
5. Any new owner assuming the business(es) involved in a TIF must provide to the Town a written agreement accepting the provisions of the pre-existing Credit Enhancement Agreement.
6. Any owner of a business or businesses participating in a TIF agreement will agree, as part of that agreement, to apply for any Maine state reimbursement programs for which the business(es) is/are eligible, including (but not limited to) real estate and personal property tax reimbursement programs, job training programs, and employment reimbursement programs. TIF-participating business applicants, who obtain any such reimbursements, including personal property reimbursements through the Business Equipment Tax Reimbursement program, will reimburse the Town for any benefits received for the same property involved in the TIF program.
7. Business applicant(s) will pay for the Town’s legal fees and any other municipal expenses associated with development of a TIF agreement that includes a Credit Enhancement Agreement, whether or not the TIF is approved by the State of Maine.

8. Revenues generated from a TIF agreement will pay for the Town's costs incurred by existence of that agreement, including but not limited to, administrative costs (including staffing costs required to administer the TIF), and can pay for infrastructure improvement costs necessitated by the agreement (such as purchase of public safety services or equipment).
9. A total amount, determined by the Board of Selectmen, but equal to at least 1% and no more than 10% of the recaptured tax amount involved over the life of the TIF agreement, will be used by the Town to create an Economic Development Fund. This Fund, which will be administered as the Board of Selectmen decides, will promote economic development within the Town, consistent with the Town's Comprehensive Plan.

Application Procedures

1. Informal discussions with Board of Selectmen
2. Preliminary Submission – general outline of district boundaries, development activities, value of taxable improvements, TIF description including time period, anticipated job creation and/or retention, expected impact on other Town businesses and Town services
3. Review of Preliminary Submission – by Board of Selectmen and/or an Economic Development Committee appointed by the Board of Selectmen
4. Coordination of efforts with the state Department of Economic and Community Development
5. Submission of Formal Application – to Board of Selectmen
6. Review of Formal Application – by Board of Selectmen with recommendation of Economic Development Committee
7. Action on Application by Board of Selectmen
8. Approval at regular or special town meeting
9. Submission of Application to the state Department of Economic and Community Development

Approval Criteria

These criteria will be used to determine the public purpose(s) and general value of the TIF to the citizens and taxpayers of the Town of Searsmont, and whether or not the application for the TIF should be presented by the Board of Selectmen to the Town's voters for approval.

Criteria 1, 2, and 3 must be met. Criterion 4 must be met in the case of a CEA. It is not required that all of the other criteria be met.

Notwithstanding compliance with any or all of the approval criteria, creation of a TIF is a policy choice to be made by the Town Board of Selectmen on a case-by-case basis, and approved by majority of town voters at a regularly scheduled or special Town meeting. That is, a TIF is not a right under Maine law, and meeting all or some of these criteria does not create a right or entitlement to any applicant.

1. The applicant business(es) demonstrate(s) the financial capacity to undertake the proposed project (with participation from the TIF). An example of adequate demonstration of financial capacity is a letter of financial ability from a private financial institution or government agency.
2. The project creates a new taxable value of at least \$500,000 within five (5) years commencing with approval of the TIF. Further, the project demonstrates that the total amount of TIF-sheltered tax revenues accruing to the Town (accounting for changes in Maine state education, general revenue sharing, Waldo County tax and school support revenues and expenses) is greater than total anticipated increases in TIF administrative costs and service costs resulting from activities within the TIF district.
3. The project demonstrates that it will have no adverse economic impact on other Searsmont businesses. The Town will give preference to TIF projects that can demonstrate positive secondary impacts on other Searsmont businesses, such as purchase of locally-produced or sold products or services.
4. In the case of a CEA, the project demonstrates retention or creation of long-term, permanent, full-time jobs with wages equal to or higher than the average wages paid by employers within the Town during the year prior to application.
5. In the case of a CEA, the project demonstrates that Town involvement is needed in order for the project to succeed in the Town. Justification for this involvement must be demonstrated by:
 - a. A need to offset economic advantages that would be available to the business(es) if the business(es) should build or expand outside the geographic limits of the Town; and/or
 - b. A need for financial benefits to offset the cost of infrastructure improvements unique to the site of the building or expansion.
6. The project improves, redevelops, rehabilitates or conserves an area identified by the Town as suitable for commercial and/or industrial development, consistent with the Town's Comprehensive Plan.
7. The project creates public infrastructure facilities that have application beyond (but are connected with or for the benefit of) the particular development, such as access roads, traffic improvements, road construction and reconstruction, necessary public safety improvements, water wells and water lines, sidewalks, lighting and landscaping.
8. The project broadens the tax base of the Town, and improves the general economy of the Town, the County, and the region.