

City of Dover

New Hampshire

Report on Tax Increment Financing

Prepared by the Finance Department
July 2005

City of Dover

Report on Tax Increment Financing

Introduction

The purpose of this report is to familiarize the reader with Tax Increment Financing as it relates to development districts. This report is intended to cover the major financing structures and mechanics of development districts but not every nuance of the statutes. It is also intended to analyze the property tax implications of Tax Increment Financing. Tax Increment Financing is covered by RSA 162-K.

Tax Increment Financing (TIF) is a method of targeting tax revenue to a specified area of the municipality (development district) to finance improvements. The district is usually an area the municipality wishes to develop for economic development reasons such as a downtown in need of revitalization, a parking garage or a commercial or industrial park. After the district is established, depending on the plan, tax revenue for assessed value gained above the base year of the district is allocated to the district. The improvements in the district may be made over time as the tax revenues come in or can be financed with bonds with the tax revenue paying the bond's debt service (principal and interest). Development districts are dissolved per the initial plan, usually upon completion of an improvement, a set time period or, in the case of bond financed improvements, final payment of the debt.

TIF Process

Assessed value gained above the base year of the development district is considered **Captured Value**. The tax revenue resulting from the captured value is the **Tax Increment**. It is the tax increment that is dedicated to finance certain expenditures of the district as adopted in the **Financing Plan**. Any captured value in excess of the amount needed to meet district requirements is considered **Excess Captured Value**.

For tax rate setting, captured value (less applicable excess captured value) is not included as part of the net assessed value. The district is assessed taxes at the regular tax rate on its full assessed value, including the captured value. The portion of the tax revenues that relate to the captured value is placed into a separate fund to meet the district's liabilities.

TIF Financing Structures

There are two major financing structures of TIF development districts. The first is a full retention structure where the full amount of captured value, and the corresponding tax increment, is retained for the benefit of improvements within the district. The second is a partial retention model where only a designated portion of the captured value, and the corresponding tax increment, is retained for the district.

These two structures are used in conjunction with a financing plan that specifies the use of funds. The first is dedicating the tax increments to the district to fund improvements directly from the tax revenues. The second is a plan that authorizes bonds to finance improvements within the district and uses the tax increments to pay off the debt.

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If bonds are used to finance improvements within the district they must be general obligation bonds. The amortization schedule (principal and interest) for the debt can not increase by more than 5% from one year to the next. The first principal payment can be deferred until the fifth year. Any bonds issued for a TIF development district are exempt from the City's statutory debt limit. A mix of structures is also possible, though not considered in this report.

Valid Public Purposes

The public purposes valid under state statute are summarized below:

1. Acquire, construct, improve and/or operate and maintain physical facilities, quality of life and quality of transportation.
2. Acquire land or easements.
3. Adopt ordinances regulating public parking and traffic within the district.
4. Require construction of buildings to accommodate pedestrian systems.
5. Install lighting systems, signage, and landscaping and snow removal systems.
6. Acquire property.
7. Lease air rights over public property and construct supports for buildings to be constructed on air rights.
8. Lease buildings constructed in the district.
9. Negotiate the sale or lease of property for private development.

In addition, administrative expenses related to the district can be charged to the TIF.

Administration

After adoption of RSA 162-K, the City Council votes on a finding that the improvements will serve a public purpose. The City establishes a development district encompassing an area of not more than 1.5% of the total acreage of the City and not exceeding more than 5% of the total assessed value of the City. The district can not be modified after 5 years. The City must also adopt the financing plan that will serve the district. The financing plan establishes the structure and method of financing and the intended purpose of expenditure of the tax increment revenue. The financing plan can be modified at any time by the governing body.

An Advisory Board must be established for each district. The makeup of the board must consist of a majority of owners or occupants of property within or adjacent to the district. The board advises the governing body on the implementation of the development plan and the operations of the district after completion. The governing body settles conflicts between the advisory board and City planning staff or agencies regarding the district.

If a bond is involved, there would be legal review of the adoption of the statute, establishment of the district, the financing plan and any additional disclosure requirements in the Official Statement. The disclosures would include that the tax increment revenues used to pay the debt service of the district bond would not be

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available to pay other debt of the City. There would probably be additional continuing disclosure requirements related to a TIF bond.

A separate fund would be established within the accounting system to reflect the tax increment revenues and authorized expenses of the fund and its financial position. Certain processes would be established to authorize expenditure of funds. An administrator of the district may be created with authority delineated by the City Council.

The Tax Assessment Division would track the assessed value changes of the parcels within the district annually. The captured value is reportable separately to the Department of Revenue Administration and extracted from the net assessed value used for tax rate setting.

The auditors would review the district annually to assure that the City is in compliance with the financing plan of the district, including revenue from captured value and authorized expenditures.

Analysis of Financing Structures

Four examples of TIF districts have been modeled for this report. The \$2 million amount is hypothetical, but represents a reasonable improvement scenario amount. Each model shows a specific TIF structure and the impact to taxes during the development period and how that structure compares to the impact to taxes of doing the same improvements without a TIF during the same period. The two impacts to average residential taxpayers are then compared. The four TIF structures modeled are as follows:

1. Tax Financing with Full Retention of Captured Value
2. Tax Financing with Partial Retention of Captured Value
3. Bond Financing with Full Retention of Captured Value
4. Bond Financing with Partial Retention of Captured Value

Examples 1 and 2 consider a TIF district that applies the tax increments to \$2 million of improvements beginning in year six, after enough funds have been accumulated to begin the project. The non-TIF models reflect the City Council appropriating Capital Reserve Funds to accomplish the improvements.

Examples 3 and 4 consider a TIF district that issues a \$2 million bond to finance improvements in the first year and uses the tax increment to pay off the debt. Due to improvements occurring in the beginning, captured value is modeled more quickly. Bond principal is deferred until enough tax increments are available to make the payment.

Examples 1 and 3 are based on retention of all captured value for use by the district. Tax increments accumulated above the project level or debt service requirements are being held for additional development projects of the district that have not occurred during the time period reflected. These analyzes do not reflect the secondary projects these funds would be used for.

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Examples 2 and 4 are based on partial retention of captured value with the excess captured value returning to the tax base. In example 2, the captured value is capped at \$7.5 million. The non-TIF model again reflects City Council appropriations to a Capital Reserve Fund to accomplish the improvements. In example 4, the captured value is capped at the level necessary to generate enough tax revenue for each year's debt service payments. In this example there is no Capital Reserve Fund necessary for the non-TIF model as the debt service is covered in the budget.

The models attached can be refined to more specific scenarios should the interest to explore the TIF option continue.

Report Findings

There are many issues that would need to be decided on prior to implementation of a TIF development district. These would include the goal of the district, area involved, viability of the project, adoption of the local option statute, appointment of an advisory board, the manner of financing, adoption of findings for public purposes and, if applicable, adoption of a bond resolution.

As first stated Tax Increment Financing (TIF) is a method of targeting tax revenue to a specified area of the municipality (district) to finance improvements. Some taxpayers may have philosophical objections to the idea that a small area of the City would keep its own additional tax revenues for its own improvements.

In examples 1 and 2, tax increments are being accumulated prior to directly funding improvements and, in example 3, they are being accumulated above the debt service requirement. During this accumulation phase, the affect to the taxpayer is the same as the City Council making annual appropriations to a Capital Reserve Fund for the purpose of making the improvements. The models reflect this appropriation process in order to achieve an "apples to apples" comparison to tax impact. To state it simply, what TIF does is automate this capital reserve process. In place of annual appropriations the tax increments are set aside for the designated improvements.

In examples 1 through 3, there is no difference to the taxpayer whether the improvements are funded with TIF or through Capital Reserve appropriations. In example 4, doing the improvements with bonds through TIF or without TIF have essentially the same impact to taxpayers.

The reason for doing TIF may be to ease taxpayers' objections to improvements by a separate accounting. Even without a TIF, the area's growth can still be analyzed to ascertain whether the assessed value is paying the debt service of the bond and any additional administrative costs. This has been accomplished in the past on the improvements related to Liberty Mutual's development and also with Enterprise Park.

If a bond is involved with financing part of a development district with the tax increments dedicated to paying off the debt, the main issue that arises relates to judging any shortfall that may occur from year to year. Covering the debt service shortfall in the General

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Fund's budget becomes problematic; both from the estimating standpoint as well as the impact it can have on other funding priorities. Without a district the coverage of debt service within the budget is automatic.

Conclusion

How popular is TIF? In FY05 only about 5% of municipalities in the state utilize TIF. There were 19 TIF development districts within the state, created within 13 municipalities. Of the 13, 2 are cities, Concord and Keene, with 2 districts each. Concord's local restraints on tax increases were largely responsible for their choice to use TIF. There are 234 municipalities within the state. Attached is a listing from the NH Department of Revenue Administration detailing these TIF district.

Why would a municipality want to establish Tax Increment Financing for a development district? From a finance standpoint, the answer is not necessarily as a result of the benefits derived from hard numbers. The models show that development can be done without TIF with equal tax impact. But TIF touches on areas of control and intangibles that are unquantifiable in nature.

One reason to use TIF could be to ease potential developers' concerns of the future of the area to be developed by their involvement in the district's advisory board. If developers are involved with potential development of an area, they may want to know they have direct formal input to the governing body in order to address their needs.

If tax financing is anticipated to fund improvements in an area of the City, a TIF development district continues a commitment to development of that area beyond the term of the sitting City Council. Without the formal structure of a TIF development district, future years' budgetary concerns may pressure the then sitting City Council to remove some or all of the Capital Reserve appropriations initially intended for improvements in that area. These concerns are alleviated with bond financed project as the improvements are authorized, financed and constructed up front.

After reviewing the information contained in the statutes, the financial modeling of districts and review with the City's financial advisors, Bond Counsel and independent auditors the following would be recommended for the City's use of TIF. If the intent is to dedicate all of captured value to development of a district (Examples 1 and 3), whether financed with bonds or the tax increments only, TIF should be used. This will help insure the dedication of these revenues over time to the district's development. This will require very public disclosure of the benefits to be derived, however, in order to overcome taxpayers' concerns of potentially higher tax burdens.

TIF should also be used if the intent is to limit the captured value and finance the development district improvements only with tax increments (Example 2). This recommendation again results from the dedication of revenues over time. This will also require very public disclosure of the benefits to be derived in order to overcome taxpayers concerns of higher tax burdens.

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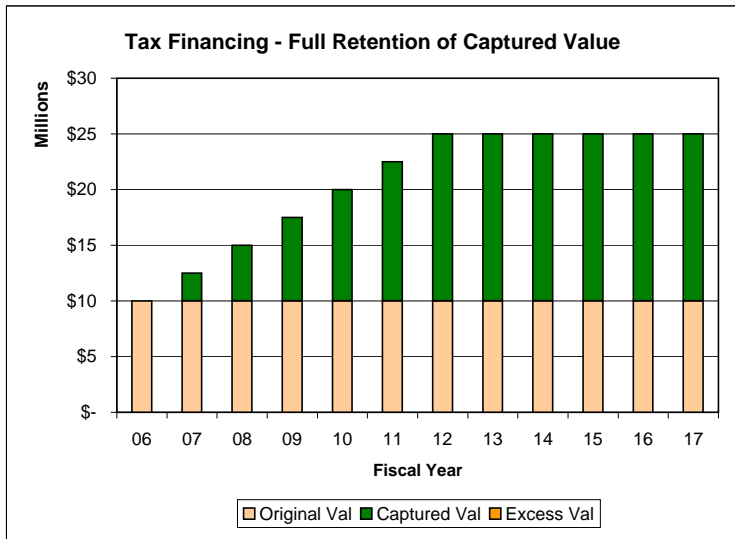
If the intent is to finance the development with bonds and limit the captured value to enough tax increments to pay the debt service, TIF is not recommended. The same results can be achieved with public improvement bonds issued for the Dover Business and Industrial Development Authority (DBIDA) without any impact to the taxpayer. Although TIF bonds are exempt from the city's statutory debt limit, so are general obligation bonds issued on behalf of DBIDA projects, parking garages or sewer projects. Tracking the cost of improvements versus the benefit of assessed value increases can be achieved without TIF. There is not the same need for dedication of revenues as the improvements that developers would otherwise be concerned over would already be committed by the City. In general, it appears using TIF in this situation is not only unnecessary, it can cause additional processes and overhead that makes City finances less flexible.

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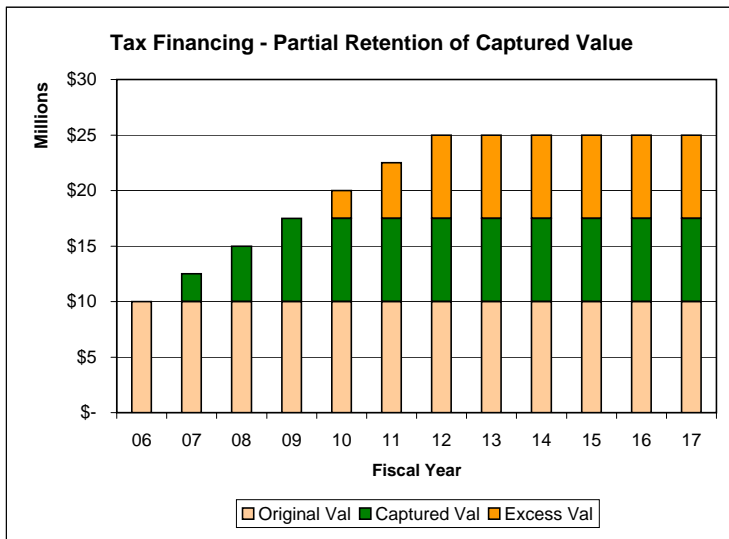
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Comparison of Structures

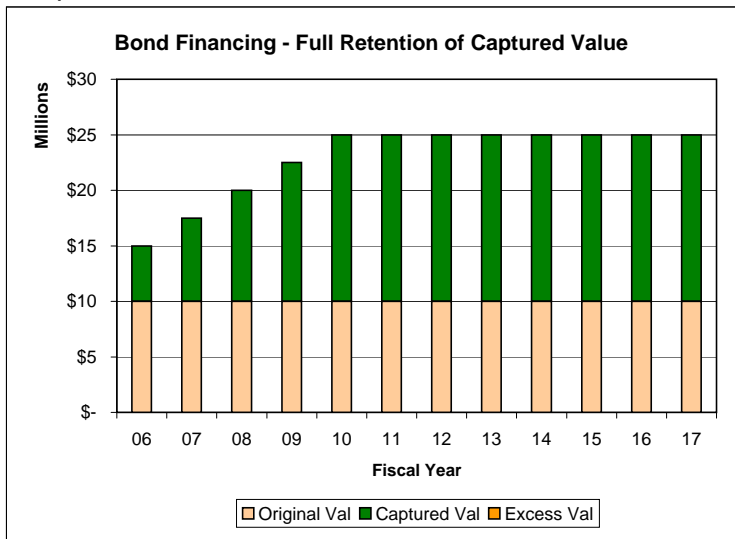
Example 1



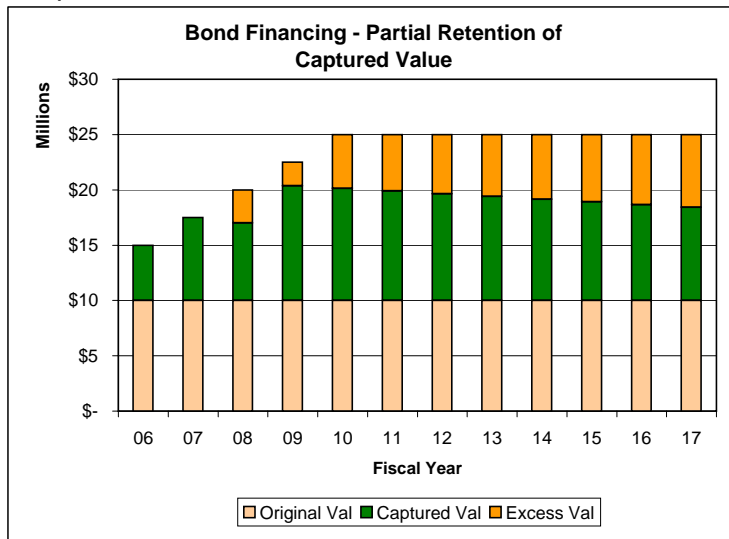
Example 2



Example 3



Example 4



Original Value: Development District's original assessed value at the time district is established

Captured Value: Additional value within the district which is excluded from the regular tax base and tax rate setting. The tax revenues of captured value are retained by the district.

Excess Value: Additional assessed value within the district that is returned to the regular tax base for setting of the tax rate.

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Example 1

Comparison of Improvements With and Without Tax Increment Financing

Tax Financing with Full Retention of Captured Value

With TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Original Development District Assessment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Development District Captured Value	-	2,500	5,000	7,500	10,000	12,500	15,000	15,000	15,000	15,000	15,000	15,000
Total District Assessment	10,000	12,500	15,000	17,500	20,000	22,500	25,000	25,000	25,000	25,000	25,000	25,000
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Excess Captured Assessed Val (000s)	-	-	-	-	-	-	-	-	-	-	-	-
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
District Retained Captured Value (000s)	-	2,500	5,000	7,500	10,000	12,500	15,000	15,000	15,000	15,000	15,000	15,000
Total Assessment Value (000s)	2,500,000	2,502,500	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Impr Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Tax Rate (based on non-TIF value)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
General Tax Revenue	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Captured Value Tax Increment	-	45,000	90,000	135,000	180,000	225,000	270,000	270,000	270,000	270,000	270,000	270,000
Total Tax Revenue	45,000,000	45,045,000	45,090,000	45,135,000	45,180,000	45,225,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000
District Improvements \$2,000,000												
Annual District Improvements						(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)
Annual District Improvements	-	-	-	-	-	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)
TIF Tax less Improvements	-	45,000	90,000	135,000	180,000	91,667	136,667	136,667	136,667	136,667	136,667	136,667
Cummulative Tax Balance	-	45,000	135,000	270,000	450,000	541,667	678,333	815,000	951,667	1,088,333	1,225,000	1,361,667
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280
Without TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Assessment Value (000s)	2,500,000	2,502,500	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Capital Reserve Appropriation	-	45,000	90,000	135,000	180,000	225,000	270,000	270,000	270,000	270,000	270,000	270,000
Tax Levy	45,000,000	45,045,000	45,090,000	45,135,000	45,180,000	45,225,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000
Capital Reserve:												
Additions	-	45,000	90,000	135,000	180,000	225,000	270,000	270,000	270,000	270,000	270,000	270,000
Disbursements						(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)
Balance	-	45,000	135,000	270,000	450,000	541,667	678,333	815,000	951,667	1,088,333	1,225,000	1,361,667
Tax Rate (based on total value)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
General Tax Revenue	45,000,000	45,045,000	45,090,000	45,135,000	45,180,000	45,225,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280
Incr(Decr) Taxes due to TIF	-	-	-	-	-	-	-	-	-	-	-	-

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Example 2

Comparison of Improvements With and Without Tax Increment Financing Tax Financing with Partial Retention of Captured Value

With TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Original Development District Assessment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Development District Captured Value	-	2,500	5,000	7,500	10,000	12,500	15,000	15,000	15,000	15,000	15,000	15,000
Total District Assessment	10,000	12,500	15,000	17,500	20,000	22,500	25,000	25,000	25,000	25,000	25,000	25,000
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Excess Captured Assessed Val (000s)	-	-	-	-	2,500	5,000	7,500	7,500	7,500	7,500	7,500	7,500
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,502,500	2,505,000	2,507,500	2,507,500	2,507,500	2,507,500	2,507,500	2,507,500
District Retained Captured Value (000s)	-	2,500	5,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Total Assessment Value (000s)	2,500,000	2,502,500	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Impr Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Tax Rate (based on non-TIF value)	18.00	18.00	18.00	18.00	17.98	17.96	17.95	17.95	17.95	17.95	17.95	17.95
General Tax Revenue	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Captured Value Tax Increment	-	45,000	90,000	135,000	134,865	134,731	134,596	134,596	134,596	134,596	134,596	134,596
Total Tax Revenue	45,000,000	45,045,000	45,090,000	45,135,000	45,134,865	45,134,731	45,134,596	45,134,596	45,134,596	45,134,596	45,134,596	45,134,596
District Improvements \$2,000,000												
Annual District Improvements						(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)
Annual District Improvements	-	-	-	-	-	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)
TIF Tax less Improvements	-	45,000	90,000	135,000	134,865	268,064	267,930	267,930	267,930	267,930	267,930	267,930
Cumulative Tax Balance	-	45,000	135,000	270,000	404,865	672,929	940,859	1,208,788	1,476,718	1,744,647	2,012,577	2,280,506
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,280	4,280	4,276	4,272	4,267	4,267	4,267	4,267	4,267	4,267
Without TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Assessment Value (000s)	2,500,000	2,502,500	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Capital Reserve Appropriation	-	45,000	90,000	135,000	134,865	134,731	134,596	134,596	134,596	134,596	134,596	134,596
Tax Levy	45,000,000	45,045,000	45,090,000	45,135,000	45,134,865	45,134,731	45,134,596	45,134,596	45,134,596	45,134,596	45,134,596	45,134,596
Capital Reserve:												
Additions	-	45,000	90,000	135,000	134,865	134,731	134,596	134,596	134,596	134,596	134,596	134,596
Disbursements						(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)	(133,333)
Balance	-	45,000	135,000	270,000	404,865	406,262	407,525	408,788	410,051	411,314	412,577	413,840
Tax Rate (based on total value)	18.00	18.00	18.00	18.00	17.98	17.96	17.95	17.95	17.95	17.95	17.95	17.95
General Tax Revenue	45,000,000	45,045,000	45,090,000	45,135,000	45,134,865	45,134,731	45,134,596	45,134,596	45,134,596	45,134,596	45,134,596	45,134,596
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,280	4,280	4,276	4,272	4,267	4,267	4,267	4,267	4,267	4,267
Incr(Decr) Taxes due to TIF	-	-	-	-	-	-	-	-	-	-	-	-

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Example 3

Comparison of Improvements With and Without Tax Increment Financing Bond Financing with Full Retention of Captured Value

With TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Original Development District Assessment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Development District Captured Value	5,000	7,500	10,000	12,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total District Assessment	15,000	17,500	20,000	22,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Excess Captured Assessed Val (000s)	-	-	-	-	-	-	-	-	-	-	-	-
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
District Retained Captured Value (000s)	5,000	7,500	10,000	12,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total Assessment Value (000s)	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Impr Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Tax Rate (based on non-TIF value)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
General Tax Revenue	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Captured Value Tax Increment	90,000	135,000	180,000	225,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Total Tax Revenue	45,090,000	45,135,000	45,180,000	45,225,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000
TIF Bond:												
Principal Pmt	\$2,000,000		(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)
Interest Pmt	(80,000)	(80,000)	(80,000)	(75,556)	(71,111)	(66,667)	(62,222)	(57,778)	(53,333)	(48,889)	(44,444)	(40,000)
Total Debt Service	(80,000)	(80,000)	(191,111)	(186,667)	(182,222)	(177,778)	(173,333)	(168,889)	(164,444)	(160,000)	(155,556)	(151,111)
TIF Tax less Debt Service	10,000	55,000	(11,111)	38,333	87,778	92,222	96,667	101,111	105,556	110,000	114,444	118,889
Cummulative District Tax Balance	10,000	65,000	53,889	92,222	180,000	272,222	368,889	470,000	575,556	685,556	800,000	918,889
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280
Without TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Assessment Value (000s)	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Capital Reserve Appropriation	10,000	55,000	(11,111)	38,333	87,778	92,222	96,667	101,111	105,556	110,000	114,444	118,889
Impr Bond Debt Service	80,000	80,000	191,111	186,667	182,222	177,778	173,333	168,889	164,444	160,000	155,556	151,111
Tax Levy	45,090,000	45,135,000	45,180,000	45,225,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000
Capital Reserve:												
Additions	10,000	55,000	(11,111)	38,333	87,778	92,222	96,667	101,111	105,556	110,000	114,444	118,889
Disbursements	-	-	-	-	-	(177,778)	(173,333)	(168,889)	(164,444)	(160,000)	(155,556)	(151,111)
Balance	10,000	65,000	53,889	92,222	180,000	94,444	17,778	(50,000)	(108,889)	(158,889)	(200,000)	(232,222)
Tax Rate (based on total value)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
General Tax Revenue	45,090,000	45,135,000	45,180,000	45,225,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000	45,270,000
Public Improvement Bond:												
Principal Pmt	-	-	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)	(111,111)
Interest Pmt	(80,000)	(80,000)	(80,000)	(75,556)	(71,111)	(66,667)	(62,222)	(57,778)	(53,333)	(48,889)	(44,444)	(40,000)
Total Debt Service	(80,000)	(80,000)	(191,111)	(186,667)	(182,222)	(177,778)	(173,333)	(168,889)	(164,444)	(160,000)	(155,556)	(151,111)
Tax Revenue less Debt Service	45,170,000	45,215,000	45,371,111	45,411,667	45,452,222	45,447,778	45,443,333	45,438,889	45,434,444	45,430,000	45,425,556	45,421,111
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280	4,280
Incr(Decr) Taxes due to TIF	-	-	-	-	-	-	-	-	-	-	-	-

City of Dover

Example 4

Comparison of Improvements With and Without Tax Increment Financing Bond Financing with Partial Retention of Captured Value

With TIF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Original Development District Assessment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Development District Captured Value	5,000	7,500	10,000	12,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total District Assessment	15,000	17,500	20,000	22,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Assessment Value (000s)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Excess Captured Assessed Val (000s)	-	-	2,985	2,121	4,857	5,103	5,350	5,596	5,843	6,089	6,336	6,583
Assessment Value (000s)	2,500,000	2,500,000	2,502,985	2,502,121	2,504,857	2,505,103	2,505,350	2,505,596	2,505,843	2,506,089	2,506,336	2,506,583
District Retained Captured Value (000s)	5,000	7,500	7,015	10,379	10,143	9,897	9,650	9,404	9,157	8,911	8,664	8,417
Total Assessment Value (000s)	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Impr Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Tax Rate (based on non-TIF value)	18.00	18.00	17.98	17.98	17.97	17.96	17.96	17.96	17.96	17.96	17.95	17.95
General Tax Revenue	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Captured Value Tax Increment	90,000	135,000	126,119	186,664	182,220	177,783	173,329	168,894	164,442	160,008	155,558	151,108
Total Tax Revenue	45,090,000	45,135,000	45,126,119	45,186,664	45,182,220	45,177,783	45,173,329	45,168,894	45,164,442	45,160,008	45,155,558	45,151,108
TIF Bond:												
	\$2,000,000											
Principal Pmt			111,111	111,111	111,111	111,111	111,111	111,111	111,111	111,111	111,111	111,111
Interest Pmt	80,000	80,000	80,000	75,556	71,111	66,667	62,222	57,778	53,333	48,889	44,444	40,000
Total Debt Service	80,000	80,000	191,111	186,667	182,222	177,778	173,333	168,889	164,444	160,000	155,556	151,111
TIF Tax less Debt Service	10,000	55,000	(64,992)	(3)	(2)	5	(4)	5	(3)	8	2	(3)
Cummulative District Tax Balance	10,000	65,000	8	5	3	8	4	9	6	15	17	14
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,280	4,280	4,275	4,277	4,272	4,272	4,271	4,271	4,270	4,270	4,269	4,269
Without TIF												
Total Assessment Value (000s)	2,505,000	2,507,500	2,510,000	2,512,500	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Regular Tax Levy	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Impr Bond Debt Service	80,000	80,000	191,111	186,667	182,222	177,778	173,333	168,889	164,444	160,000	155,556	151,111
Tax Levy	45,080,000	45,080,000	45,191,111	45,186,667	45,182,222	45,177,778	45,173,333	45,168,889	45,164,444	45,160,000	45,155,556	45,151,111
Tax Rate (based on total value)	18.00	17.98	18.00	17.98	17.97	17.96	17.96	17.96	17.96	17.96	17.95	17.95
General Tax Revenue	45,080,000	45,080,000	45,191,111	45,186,667	45,182,222	45,177,778	45,173,333	45,168,889	45,164,444	45,160,000	45,155,556	45,151,111
Public Improvement Bond:												
Principal Pmt	-	-	111,111	111,111	111,111	111,111	111,111	111,111	111,111	111,111	111,111	111,111
Interest Pmt	80,000	80,000	80,000	75,556	71,111	66,667	62,222	57,778	53,333	48,889	44,444	40,000
Total Debt Service	80,000	80,000	191,111	186,667	182,222	177,778	173,333	168,889	164,444	160,000	155,556	151,111
Tax Revenue less Debt Service	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Taxpayer Impact:												
Avg Residential Assessment	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791	237,791
Taxes to Avg Residential Property	4,279	4,275	4,281	4,277	4,272	4,272	4,271	4,271	4,270	4,270	4,269	4,269
Incr(Decr) Taxes due to TIF	1	5	(6)	(0)	(0)	0	(0)	0	(0)	0	0	(0)

ANTRIM 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/14/2000			
Original assessed value	\$4,539,340	\$0		
+ Unretained captured assessed value	\$0			
= Amounts used on page 2 (tax rates)	\$4,539,340	\$0	\$0	\$0
+ Retained captured assessed value	\$6,750,100			
Current assessed value	\$11,289,440	\$0	\$0	\$0

CLAREMONT 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	5/17/1995	11/11/1998	0-Jan-00	0-Jan-00
Original assessed value	\$10,682,594	\$10,255,900	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$10,682,594	\$10,255,900	\$0	\$0
+ Retained captured assessed value	\$6,253,306	\$0	\$0	\$0
Current assessed value	\$16,935,900	\$10,255,900	\$0	\$0

CONCORD 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/23/1998	4/1/2004	0-Jan-00	0-Jan-00
Original assessed value	\$4,096,900	\$22,683,100	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$4,096,900	\$22,683,100	\$0	\$0
+ Retained captured assessed value	\$35,963,700	\$0	\$0	\$0
Current assessed value	\$40,060,600	\$22,683,100	\$0	\$0

TIFF NAME IS: 1 - NORTH END OPPORTUNITY CORNER (WHERE THE MARRIOT IS)

2 - THE SEARS BLOCK

HANOVER 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	5/1/1998		0-Jan-00	0-Jan-00
Original assessed value	\$1,960,200	\$0	\$0	\$0
+ Unretained captured assessed value	\$2,241,800	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$4,202,000	\$0	\$0	\$0
+ Retained captured assessed value	\$4,800,000	\$0	\$0	\$0
Current assessed value	\$9,002,000	\$0	\$0	\$0

HOOKSETT 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	12/8/1999		0-Jan-00	0-Jan-00
Original assessed value	\$2,904,400	\$0	\$0	\$0
+ Unretained captured assessed value	\$15,828,000	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$18,732,400	\$0	\$0	\$0
+ Retained captured assessed value	\$27,997,600	\$0	\$0	\$0
Current assessed value	\$46,730,000	\$0	\$0	\$0

JAFFREY 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/9/1999	3/9/1999	0-Jan-00	0-Jan-00
Original assessed value	\$12,601,300	\$4,740,601	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$12,601,300	\$4,740,601	\$0	\$0
+ Retained captured assessed value	\$1,288,546	\$2,945,645	\$0	\$0
Current assessed value	\$13,889,846	\$7,686,246	\$0	\$0

KEENE 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	4/16/1995	9/4/1997	0-Jan-00	0-Jan-00
Original assessed value	\$12,546,600	\$12,927,800	\$0	\$0
+ Unretained captured assessed value	\$10,468,500	\$3,230,700	\$0	\$0
= Amounts used on page 2 (tax rates)	\$23,015,100	\$16,158,500	\$0	\$0
+ Retained captured assessed value	\$12,120,000	\$4,000,000	\$0	\$0
Current assessed value	\$35,135,100	\$20,158,500	\$0	\$0

TIF #2 ORIGINAL VALUE \$1,533,200
 LESS TAX EXEMPT \$2,405,400
 ORIGINAL TAXABLE VALUE \$12,927,800

HINSDALE 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/8/2003	0-Jan-00	\$0	\$0
Original assessed value	\$2,897,921	\$0	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$2,897,921	\$0	\$0	\$0
+ Retained captured assessed value	\$0	\$0	\$0	\$0
Current assessed value	\$2,897,921	\$0	\$0	\$0

NEWMARKET 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	5/12/1998	4/1/2004	\$0	\$0
Original assessed value	\$15,960,400	\$6,372,242	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$15,960,400	\$6,372,242	\$0	\$0
+ Retained captured assessed value	\$34,621,400	\$8,042,284	\$0	\$0
Current assessed value	\$50,581,800	\$14,414,526	\$0	\$0

*3/25/2002-/Spoke with Al Dixon, Town Administrator on the re-structured tiff, he indicated that it was part of the 5/12/98 tiff (there were two), and that it was a boundry adjustment only.

PETERBOROUGH 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/10/1998	3/9/2004	\$0	\$0
Original assessed value	\$23,366,908	\$20,623,501	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$23,366,908	\$20,623,501	\$0	\$0
+ Retained captured assessed value	\$1,282,192	\$962,810	\$0	\$0
Current assessed value	\$24,649,100	\$21,586,311	\$0	\$0

SWANZEY 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/1/1999	\$0	\$0	\$0
Original assessed value	\$6,443,112	\$0	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$6,443,112	\$0	\$0	\$0
+ Retained captured assessed value	\$1,803,374	\$0	\$0	\$0
Current assessed value	\$8,246,486	\$0	\$0	\$0

DERRY 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	3/5/2004	\$0	\$0	\$0
Original assessed value	\$309,300	\$0	\$0	\$0
+ Unretained captured assessed value	\$0	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$309,300	\$0	\$0	\$0
+ Retained captured assessed value	\$0	\$0	\$0	\$0
Current assessed value	\$309,300	\$0	\$0	\$0

FRANKLIN 2004				
TAX INCREMENT FINANCING DISTRICTS	TIF #1	TIF #2	TIF #3	TIF #4
Date of Adoption	5/6/2002	\$0	\$0	\$0
Original assessed value	\$16,738,900	\$0	\$0	\$0
+ Unretained captured assessed value	\$1,188,100	\$0	\$0	\$0
= Amounts used on page 2 (tax rates)	\$17,927,000	\$0	\$0	\$0
+ Retained captured assessed value	\$0	\$0	\$0	\$0
Current assessed value	\$17,927,000	\$0	\$0	\$0