



Town of Jaffrey Tax Increment Financing Facts February 2023



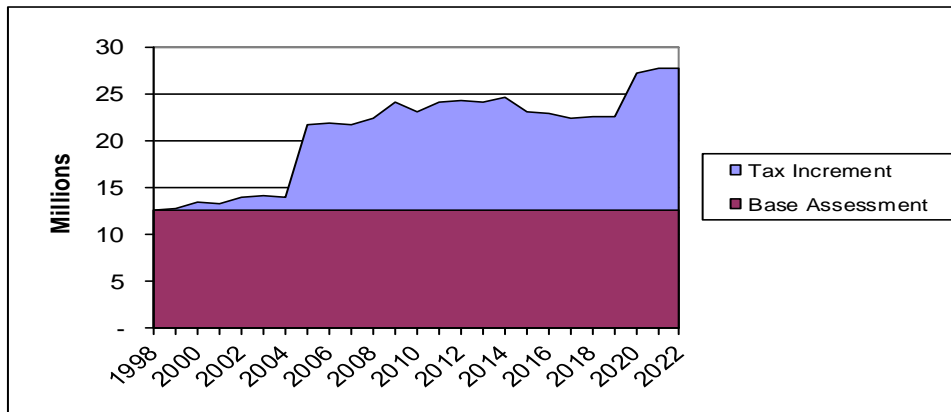
What Is Tax Increment Financing? *The (F)inancing of public improvements with the (I)ncremental (T)axes created either by new construction, expansion or renovation of property within a defined portion (district) of the community.*

Tax Increment Financing is a development tool that allows a municipality to address problems or encourage development within a particular area of town. With the reduction in federal and state funding, it provides one of the few mechanisms where a municipality can make a major effort to revitalize targeted areas of the community. TIF can provide a means for financing needed infrastructure improvements which the general fund cannot afford, using “captured revenues” that neither the schools, the county, nor the taxpayers of the community are losing. See the charts below.

How does Tax Increment Financing Work?

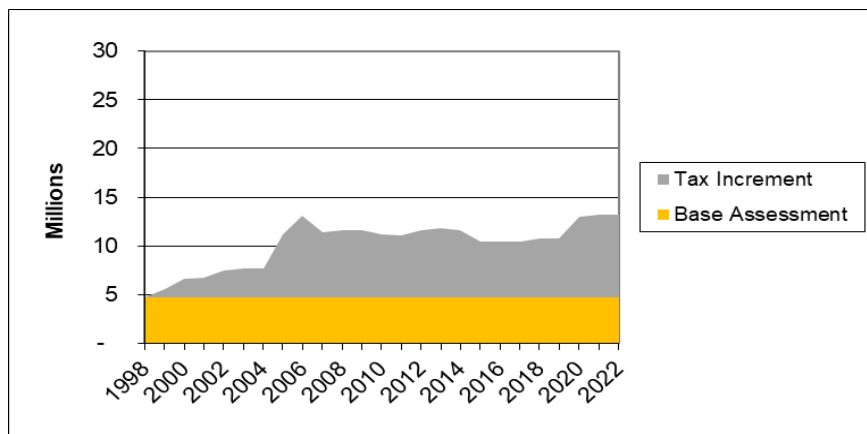
After the TIF District is established, the existing base assessment of the district continues to be distributed in the regular way (50% to local schools, 4% to state school funding, 13% to County, and 33% to the Town). The incremental increase in total value of the district is dedicated for use within the TIF District, rather than the normal general revenue distribution. In any given year, a community can use all of the new incremental taxes of a TIF District to fund the TIF plan. In Jaffrey unspent or “returned” revenues are accounted for and reported in the Annual Town Report (summary below). A community may not “tap” the TIF bank for projects outside the district, but can divert some or most of the incremental revenues coming into the district to the general fund if needed. The law also anticipates that each year the municipality can review its financial situation and decide how to distribute the incremental revenues obtained during the previous year. TIF financing plans depend on captured assessed value (not projected tax revenue) which relies only on the increase in assessed value. We base our budgets on the prior year’s increment over base assessment.

Tax payers outside the Districts do not pay any extra tax for the infrastructure improvements. Taxpayers within the Districts continue to be taxed just as they have been. The only difference is that any new, incremental tax revenue, created from new building, renovations, or expansion within the Districts is set aside to pay for the improvements within the district. As indicated in the chart below, the “tax increment” is the difference between the amount of property taxes collected before and after the designation of a TIF District. Jaffrey contains two TIF Districts that were designated in 1998. All of the tax revenue generated within these districts over and above the 1998 level can be used for approved projects. In practice, Jaffrey hasn’t used all of the tax increment money generated within these districts for projects.



Downtown TIFD

The sharp increase in 2005 is due in part to the revaluation. The slight decrease in 2010 and 2015 and increase in 2020 is due to the revaluation cycle.



Stone Arch Bridge TIFD

The sharp increase in 2005-2006 is due in part to the revaluation and initial development on Fitch Rd. Note the increment decreases slightly from 2007 onward. This is due to the development of Fitch Road, which value has been excluded from the TIFD since 2007. The slight decrease in 2010 and 2015 and increase in 2020 is due to the revaluation cycle.

What changes are proposed for the TIF District Financing Plans?

Like the prior TIF District Plans, the objective of the new plans is to provide funds for needed projects without increasing taxes. Excess tax increment money is returned to the General Fund. You can find a list of projects on the Town Website www.townofjaffrey.com under the “Business” tab at the top.

The availability of TIF District money to fund these projects was calculated based upon the actual rate of growth for the Districts. It is estimated that the additional projects proposed for TIF District funding can be completed based upon this very conservative estimate. If, as is expected, the TIF Districts continue to grow at a higher rate, this additional money will be returned to the General Fund. As long as there are outstanding obligations, such as bond payments, the TIFDs must remain in place.

Look at the budgets for each of the TIF Districts and see that the balance is the revenue not spent on projects. This is the revenue which is returned to the general fund. A summary of the revenues returned to the General Fund for 2015 – 2022 is shown below.

Actual Returned to GF	2015	2016	2017	2018	2019	2020	2021	2022
Stone Arch Bridge	57,503	56,888	62,203	74,157	92,685	110,141	125,115	153,661
Downtown	214,956	219,591	171,892	161,067	182,444	145,782	210,840	249,667
Total to GF	272,459	276,479	234,095	235,224	275,129	255,923	335,955	403,328

Questions? Contact

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