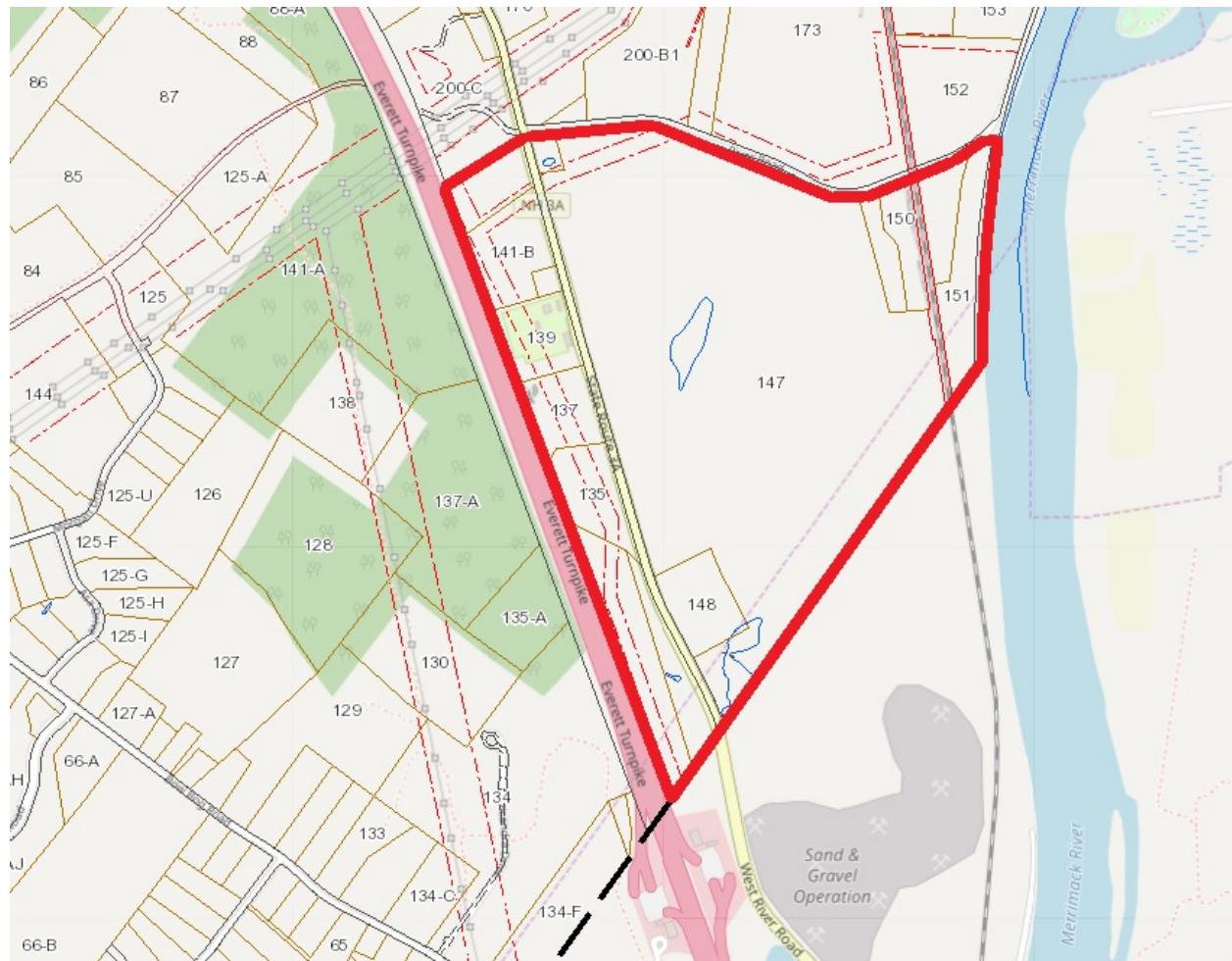


South Bow

Tax Increment Finance District

Town of Bow, New Hampshire

January 2019



Introduction

On March 12, 2002, the Town of Bow voted to adopt the provisions of NH RSA 162-K and established the authority to create one or more tax increment finance (TIF) districts in town. Such a district would allow the Town to use future tax revenue from increased assessments in a designated area to fund improvements in that area that are needed for economic development. In essence, it is a way to fund infrastructure improvements needed to attract development without placing the burden on the existing tax base and current taxpayers. For many years the Town has relied on the Merrimack Station power plant for much of its nonresidential tax revenue. The value of the plant has declined over the past several years and the need to diversify the tax base has become more urgent.

Last year, the Town voted to establish the Bow Business Corridor TIF District with the goal of bringing infrastructure to the northern part of town to spur economic development. This year a similar proposal to encourage development in the southern part of town has been set forth and is outlined in the following pages. The proposal is for consideration by the Board of Selectmen and voters at the upcoming Annual Town Meeting.

District Boundaries

A map of the district boundaries is attached as Appendix A. The district is bound by River Road on the north, Interstate 93 on the west, the Merrimack River on the east and the Hooksett town line to the south.

Development Program

The main improvement proposed within the district is the construction of water and sewer lines south to the Bow-Hooksett Town Line. Secondary improvements may include additional water, sewer, and road infrastructure that would require this plan to be amended. This extension of utility lines would be contingent on an agreement approved by both towns to share water and sewer infrastructure. The Town of Bow is currently considering a new zoning designation with the same boundaries as the proposed TIF District that would allow higher density mixed use development. The current lack of water and sewer infrastructure precludes land within the district from being used for its highest and best use. The objectives of this development program and finance plan are to:

- Bring public water and sewer to South Bow to support existing businesses and spur new development;

- Provide an incentive for property owners and developers to convert current land uses to help expand the Town's tax base;
- Work cooperatively with the Town of Hooksett to interconnect the two towns' respective water and sewer systems for the benefit of both towns.
- Improve safety and access to Route 3A and accommodate economic development along the Route 3A Corridor
- Improve the operation of the municipal water system by adding to the customer base and putting it on a path to self-sufficiency.

The program would extend the water and sewer lines approximately 5,000 linear feet (lf) to the Bow-Hooksett Town line; a rough cost estimate for the work can be found in Appendix B. The total estimated cost for improvements in the development program is approximately \$2,625,000.

It is anticipated that all work to extend water and sewer lines would be conducted within State and Town right-of-ways and the Town would not use the power of eminent domain to acquire real property without amending this plan at a future town meeting. The District Administrator is authorized to negotiate terms for the acquisition of any necessary easements for construction subject to town meeting approval for financing the development program.

The Town and any private parties involved in the construction of the proposed improvements shall comply with all applicable environmental controls. These controls may include, but are not limited to:

- Local, state, and federal regulations for the protection of wetlands and floodplains;
- State standards for the design of public water and sewer systems;
- State permits for grading and erosion control;
- Local, state and federal standards for road design;
- Local, state and federal regulations related to air, water, and noise pollution; and
- All relevant zoning, subdivision, and site plan regulations.

The proposed work will not require the relocation or displacement of any residents or businesses. If the development program is amended in the future and relocation or displacement is necessary, a relocation plan in accordance with RSA 162-K shall be established.

Due to the nature of the work, no public parks or open space are currently proposed. The Bow Planning Board may require land dedication for open space as part of any future subdivision or site plan application within the district.

The costs for operation and maintenance of the water and sewer system improvements shall be incorporated into the town budget with user fees helping to offset any added costs.

Finance Plan

State law [RSA 162-K:2(XI)] defines the tax increment as “the amount of taxes raised in a development district due to increases in assessed value over the assessed value of the district at the time of its establishment.” The tax increment will be the primary source of funding for the development program, but the Town will seek funding from other available sources. Such funding might include federal or state grants or direct contributions from private parties.

The Town shall retain the full tax increment for a period of twenty years or until the cost for improvements in the development program have been fully paid, whichever time period is shorter. Computation of the tax increment shall be in accordance with RSA 162-K:10; baseline values as of April 1, 2018 shall be used to determine the tax increment (see Appendix C for values). The revenue shall be set aside in a separate fund and may only be used for the improvements specified in the development program. If there is a sufficient balance, improvements may be funded directly, or with town meeting approval, general obligation bonds may be issued to fund improvements.

The increment shall include municipal, school, and county property taxes. The estimated impact on all tax jurisdictions will be negligible as the increment includes on a temporary basis only the increase in revenue from the district; this increase in revenue will be made possible by funding infrastructure improvements that are specified in the development program and otherwise would not be collected. The TIF District is designed to accelerate the expansion of the commercial tax base, which will benefit all jurisdictions in the long term.

There are no projects currently planned within the district, but due to the location, the potential to expand the tax base is high. The conversion of the largest parcel within the district, which is approximately 200 acres and is currently used to mine gravel, could easily add 30 million dollars or more to the Towns tax base, generating nearly a million dollars annually in tax revenue. Appendix D provides an estimate of the annual payments if the infrastructure improvements are bonded. If the Town does decide at a future town meeting to bond the improvements needed for this project, it could result in a significant net gain in tax revenue and would allow the Town to pay the debt off early. Once the debt is retired, all tax revenue would be apportioned to each jurisdiction according to its tax rate and the municipal taxes collected would go directly into the general fund.

Approval of a general obligation bond at town meeting is a high hurdle requiring a two thirds majority vote. Prior to such a vote, the Town will require a development agreement and performance guarantee to ensure that bond payments would be fully covered by the tax increment or with private funds or grants. Any such development agreement will be contingent on town meeting approval and shall be recorded at the Merrimack County Registry of Deeds.

Administration

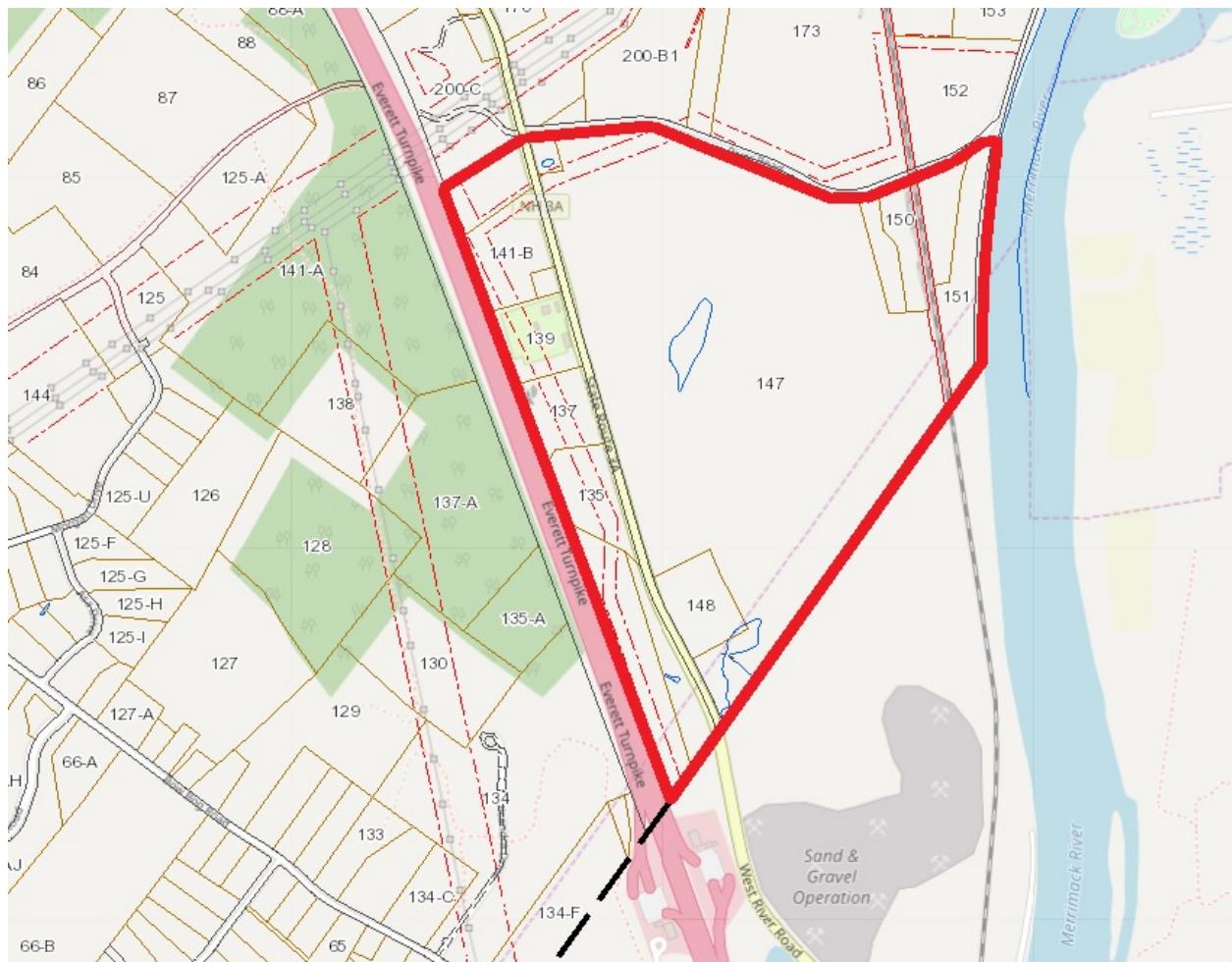
The Administrator of the TIF District shall be the Board of Selectmen or its designee. A five-member advisory board for the development district shall be established to advise the Board of Selectmen; a majority of members shall be owners or occupants of real property within or adjacent to the development district and shall be appointed by the Board of Selectmen. The Board of Selectmen shall delineate the duties of the advisory board and establish rules of procedure in accordance with RSA 162-K:14(III). A financial report for the district conforming to RSA 162-K:11 shall be included in the Annual Town Report.

Amendments

Any amendment to this document, including amendments to the district boundaries, development program, or tax increment finance plan shall require town meeting approval and notices for such proposed changes shall comply with RSA 162-K:4.

APPENDIX A

DISTRICT BOUNDARIES



APPENDIX B

Rough Cost Estimate for Improvements

*Provided by Town Engineer

Water line extension (5,000 lf x \$200/lf)	\$1,000,000
Sewer line extension (5,000 lf x \$175/lf)	\$ 875,000
15 % contingency for construction	\$ 281,250
25 % Contingency for engineering, permitting, administration & supervision	\$ 468,750
TOTAL	\$2,625,000

APPENDIX C

2018 District Property Values

2	134-A	1644 ROUTE 3-A	SULLIVAN TIRE	6.80	\$2,564,200
2	134-B	ROUTE 3-A	STATE OF NEW HAMPSHIRE	13.30	\$61,200
2	135	1563 ROUTE 3-A	TRIPLE A NOMINEE TRUST	8.23	\$426,900
2	137	1548 ROUTE 3-A	PETERBUILT REALTY COMPANY LLC	7.50	\$1,085,100
2	139	1516 ROUTE 3-A	GLOBAL MONTELLO GROUP CORP	7.85	\$2,321,500
2	140	1506 ROUTE 3-A	GLOBAL MONTELLO GROUP CORP	0.92	\$143,600
2	141-B	1494 ROUTE 3-A	LRP COMPANY INC	9.31	\$973,000
2	141-B1	1474 ROUTE 3-A	1474 BOW, LLC	5.79	\$387,700
2	146	767 RIVER RD	DANIEL BEAUCHESNE & PATRICIA LEIGHTON	1.40	\$193,500
2	147	1601 ROUTE 3-A	CONTINENTAL PAVING INC	192.56	\$2,094,653
2	148	1629 ROUTE 3-A	WEAVER BROS CONSTRUCTION CO	8.03	\$1,005,000
2	150	653 RIVER RD	CIMENT QUEBEC INC	4.83	\$776,100
2	150-A	655 RIVER RD	BOWDAYSHOUS ONE LLC	3.70	\$1,230,900
2	151	615 RIVER RD	WHITE DEVELOPMENT CORP	9.21	\$841,500
2	151-A	635 RIVER RD	JAREKA PROPERTIES LLC	5.05	\$574,900

TOTAL **284.48** **\$14,679,753**

Town Acreage & Town Valuation 18030 \$1,166,052,306

Percentage of Town Land	1.58%
Percentage of Total Town Valuation	1.26%

APPENDIX D

ESTIMATED BOND PAYMENT SCHEDULE

Principal: \$2,625,000

Term: 20

Interest Rate: 4.0%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>	<u>Balance</u>
		<u>July</u>	<u>January</u>		
1	-	-	52,500	52,500	2,625,000
2	131,000	52,500	49,880	233,380	2,494,000
3	131,000	49,880	47,260	228,140	2,363,000
4	131,000	47,260	44,640	222,900	2,232,000
5	131,000	44,640	42,020	217,660	2,101,000
6	131,000	42,020	39,400	212,420	1,970,000
7	131,000	39,400	36,780	207,180	1,839,000
8	131,000	36,780	34,160	201,940	1,708,000
9	131,000	34,160	31,540	196,700	1,577,000
10	131,000	31,540	28,920	191,460	1,446,000
11	131,000	28,920	26,300	186,220	1,315,000
12	131,000	26,300	23,680	180,980	1,184,000
13	131,000	23,680	21,060	175,740	1,053,000
14	131,000	21,060	18,440	170,500	922,000
15	131,000	18,440	15,820	165,260	791,000
16	131,000	15,820	13,200	160,020	660,000
17	131,000	13,200	10,580	154,780	529,000
18	131,000	10,580	7,960	149,540	398,000
19	131,000	7,960	5,340	144,300	267,000
20	131,000	5,340	2,720	139,060	136,000
21	136,000	2,720	-	138,720	-
Totals	2,625,000	552,200	552,200	3,729,400	