

CITY OF ROCHESTER, NH
Former Kline Property
Tax Increment Finance District (RSA 205)
2021 Report: Fiscal Year 2021

Tax Increment Financing: Overview

Cutbacks in federal and state infrastructure aid over the last two decades have minimized the amount of financing available to municipalities for infrastructure, increasing the use of tax increment financing (TIF), an economic development tool that has been around since the 1950's. The creation of TIF districts are crucial to New England towns and cities that compete with the financial incentives offered in other regions of the United States.

The underlying concept of a TIF District is that an area with development potential that is blighted or otherwise in need of economic improvement, becomes designated by a municipality as a tax increment financing district. The improvements made to the infrastructure stimulate development or redevelopment, which in turn generates incremental tax revenues. These revenues are then directed to the infrastructure debt service incurred by the municipality for the improvements.

The taxable valuation of the district is tabulated at the time of its creation, referred to as the original taxable value (OTV) or simply "base." Tax revenues from the base value continue to go to the general fund tax base. As the TIF district matures and private sector development and redevelopment occurs due to improvements, the City retains the incremental tax revenues generated above the base. The annual "tax increment" is used to pay the public expenditures on improvements in the district. The duration of a TIF district is typically limited by the time required to amortize bonded debt and the recovery of other municipal costs incurred in creating the TIF district and provide public infrastructure.

Public infrastructure investments typically include water supply, sewer expansion and repair, storm water drainage, street and sidewalk construction, street lighting, park improvements, and parking structures. These improvements are intended to make the area more attractive for development and reduce infrastructure costs to private developers.

Former Kline Property TIF District- (RSA 205)

The objectives of the Former Kline Property (RSA 205) Redevelopment Plan (the ("Redevelopment Plan")) are to open up the area long anticipated to form Phase II of the GSBP, or a significant portion thereof, to commercial, industrial and manufacturing development, in the immediate future, in much the same manner as the Ten Rod Road Industrial Park and Phase I of the GSBP opened up Rochester for much needed bursts of industrial and manufacturing growth and expanded and enhance economic development during the mid-1980's and early and-1990's respectively

Given current economic conditions, and the extent, and expense, of the on-site and off-site improvements that appear necessary to rekindle and/or unleash enthusiasm among industrial and/or manufacturing developments interests in Rochester's existing land offerings, the best vehicle to achieve Rochester's desired goals is the utilization of the unique development and redevelopment, financing and repayment

mechanisms contained in Chapter 205 of the New Hampshire Revised Statutes Annotated, entitled “Redevelopment Plans”, and located in the Housing and Redevelopment Title of the State’s statutes.

District Activity for FY 2021:

In March 2020, the Coronavirus Pandemic began and continued through FY 2021.

The Former Kline Property TIF includes 85 Innovation Drive and located in the back of the Granite State Business Park (GSBP) TIF which is located in the southeastern portion of Rochester adjacent to the Skyhaven Airport. One permit was pulled in FY 2021 for \$48,000 and was to add 2 concrete pits within the existing floor plan to accept new equipment.

An Advisory Committee is not required for this TIF District using RSA 205.

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