



JOHN ELIAS BALDACCI  
GOVERNOR

STATE OF MAINE  
DEPARTMENT OF  
ECONOMIC AND COMMUNITY DEVELOPMENT  
59 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0059



JACK CASHMAN  
COMMISSIONER

March 29, 2005

John D. Harris  
Town Manager  
Town of Falmouth  
271 Falmouth Road  
Falmouth, ME 04105

Dear Mr. Harris:

The Maine Department of Economic and Community Development ("the department") has reviewed and approved the Town of Falmouth's first amendment to the Route One South Development Tax Increment Financing District ("the district"). The district took effect on March 31, 2000 and was designated for a period of twenty (20) years.

Approval of this amendment is contingent upon compliance with reporting requirements by any business receiving more than \$10,000 in annual TIF reimbursements from the district.

Based on details provided in the Town of Falmouth's amendment application, it is the department's understanding that changes to the district are "very minor and provide only an expanded list of the anticipated projects as well as the creation of the Community Infrastructure and Conservation Fund." Furthermore, the department understands that no changes in the district's physical boundaries, duration, or captured assessed value have been proposed, and that plans continue for reinvesting TIF revenues "in the district's infrastructure and improvements."

Aside from proposing additional town projects and a vehicle to fund them, all other material aspects of the original TIF district, including its Development Program, its financial plan and the department's previous approval letter, remain unchanged and in effect. Note well that any and all improvements made outside of the district and funded with TIF revenues must meet statutory guidelines governing "costs of improvements that are made outside the TIF district but are directly related to or made necessary by the establishment or operation of the district" in order to be eligible [see 30-A MRSA §5225(1)(B)].



PRINTED ON RECYCLED PAPER

John D. Harris  
March 29, 2005

Page 2

Any changes to the approved Development Program require an amendment that is adopted in the same manner as the initial designation, and approved by the department.

Please note that all tax increment revenues derived from the district are to be deposited into either a Project Cost Account (for CEA or other TIF-approved costs) or Sinking Fund Account (for approved municipal debt service) and available for the Development Program as authorized by the department. If any tax increment revenues from the district are instead deposited into the Town's general fund for non-TIF purposes, the incremental property values generating "unsheltered" revenues must be included with the Town's equalized assessed value and reported as such, since the value cannot be captured.

The district designation remains in effect for twenty (20) years or until the authorized project costs are expended. If for any reason the Town decides to forfeit this designation, it must promptly notify the department.

If you have questions regarding this approval, or the applicability of the economic development incentive reporting requirements, please do not hesitate to contact Jim Nimon at 624-9822.

Sincerely,



Jack Cashman  
Commissioner

cc: Jerome Gerard, Acting State Tax Assessor  
Larry Record, Director of Property Tax  
Jay Hardy, New Solutions