

**Exit 10 Tax Increment Finance District  
(Hooksett, NH)**



**February 2013**

## Hooksett's Town Council explores Tax Increment Financing:

In the late 1990's the Hooksett Town Council explored the use of an alternative method of financing infrastructure improvements called Tax Increment Financing (TIF). It was reasoned that by improving and expanding our sewer, water and roads the town would be more attractive to commercial and industrial developers, which was needed to offset our tremendous residential growth experienced over the past decade.

Although the Town Council welcomed all the new residents to Hooksett, balanced growth in the commercial and industrial zones was critical in order to maintain the quality of services. The two main reasons most new residents are attracted to Hooksett are low taxes and good schools.

State law (RSA 164-K) allowed the Town Council to designate a specific underdeveloped commercial and industrial area as a Tax Increment Finance District (TIFD). The current assessed value of the TIF (in 1999) and the tax revenue that is generated from the district is determined to be the baseline value. Any new value that resulted from development within the district is called a Tax Increment and would be used to help finance any new spending for infrastructure improvements within the specified district.

## Financing & Development Plan for Exit 10:

As stated in the financing and development plan it was the goal of the Town of Hooksett to use the Exit 10 TIFD as a catalyst for economic development within that area of town. To accomplish this goal, it was necessary for the town to fund public improvements to attract private developers. In turn, those private developers and the projects they created provided additional taxable commercial property.

**Initial Project** – In 1999, the Town proposed exit 10 TIF to the community. It was to provide major road improvements to Route 3A/I93 Exit 10 interchange area including the widening of Route 3A, installation of traffic signals and intersection improvements at Quality Drive, Route 3A and Technology Drive.

**Secondary Project** – To extend the sanitary sewer system into the district.

### Stated Objectives

- Construct, Expand and Rehabilitate:
  - Public roads
  - Public Utilities
- Enhance employment and earning opportunities for Hooksett and area residents
- Improve/ install traffic signals at Quality Drive, Route 3A and Technology Drive

## Implementation of Exit 10 TIF:

In April 2001, the residents of Hooksett approved financing the road improvements in the amount of \$2,600,000. The following is a list of how the funds were spent:

Prepared by Hooksett's Finance Department  
and Daniel Schack, Endicott Intern

N. Poandelena Construction Company Inc.	\$2,043,601.36	Construction of the Route 3A improvements, work on the I-93 Interchange 10 ramps and the installation of traffic signals at the Quality Drive/ Drive "A" Intersection.
Public Service of New Hampshire (PSNH)	\$ 16,625.32	Utility Work
Verizon Communications	\$ 11,000.00	Utility Work
Vanasse Hangan Brustlin (VHB)	\$ 94,004.79	Survey Services
State Police Details	\$ 96,912.00	Traffic Control
HTSD and Greenman-Pederson, Inc.	\$ 229,447.82	Engineering services related to the design and construction.
CLD, Inc.	\$ 88,835.65	Town's Engineer
Devine, Millimet	\$ 4,521.06	Bond Council
NH Municipal Bond Bank	\$ 15,052.00	Financing Fees

**Total Expenses: \$ 2,600,000.00**

Town Council secured a Letter of Credit with the developer for the outstanding principal amount of the financing. This held the developer responsible for making the annual payments if the district could not support the bond payments. Such a requirement lowers the risk of taxpayers outside the district having to pay for the improvements.

In the spring of 2003, Target was the first of the big box stores to open, followed quickly by Kohl's Department Store, Home Depot and BJ's Wholesale Club.

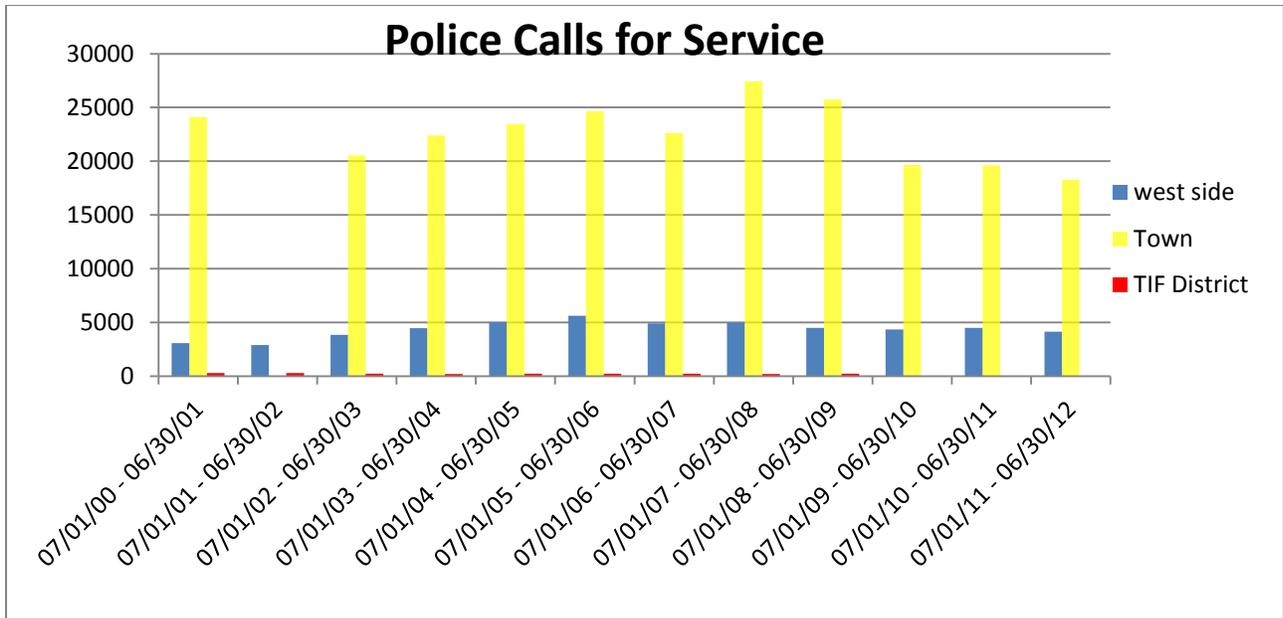
### Impact on Town Services:

This type of commercial expansion of the tax base added little to the cost of direct service the town needed to provide. Services that were impacted related to public works, fire-rescue and police.

The Public Works Department maintains 85 miles of town roads, of that Quality Drive is 0.72 miles long. As part of this maintenance, public work's employees treat roads for winter weather, sweep and collect trash littered on the side of the road.

Fire-Rescue has responded to 646 emergencies on Quality Drive over the ten year period from 2002 to 2012.

Services calls for police directly to the district were very limited, but the police did have to add additional patrols to the area. The graph below indicates that in the highest year the total west side calls make up 20% of total calls and the calls directly to the district are less than 1%.



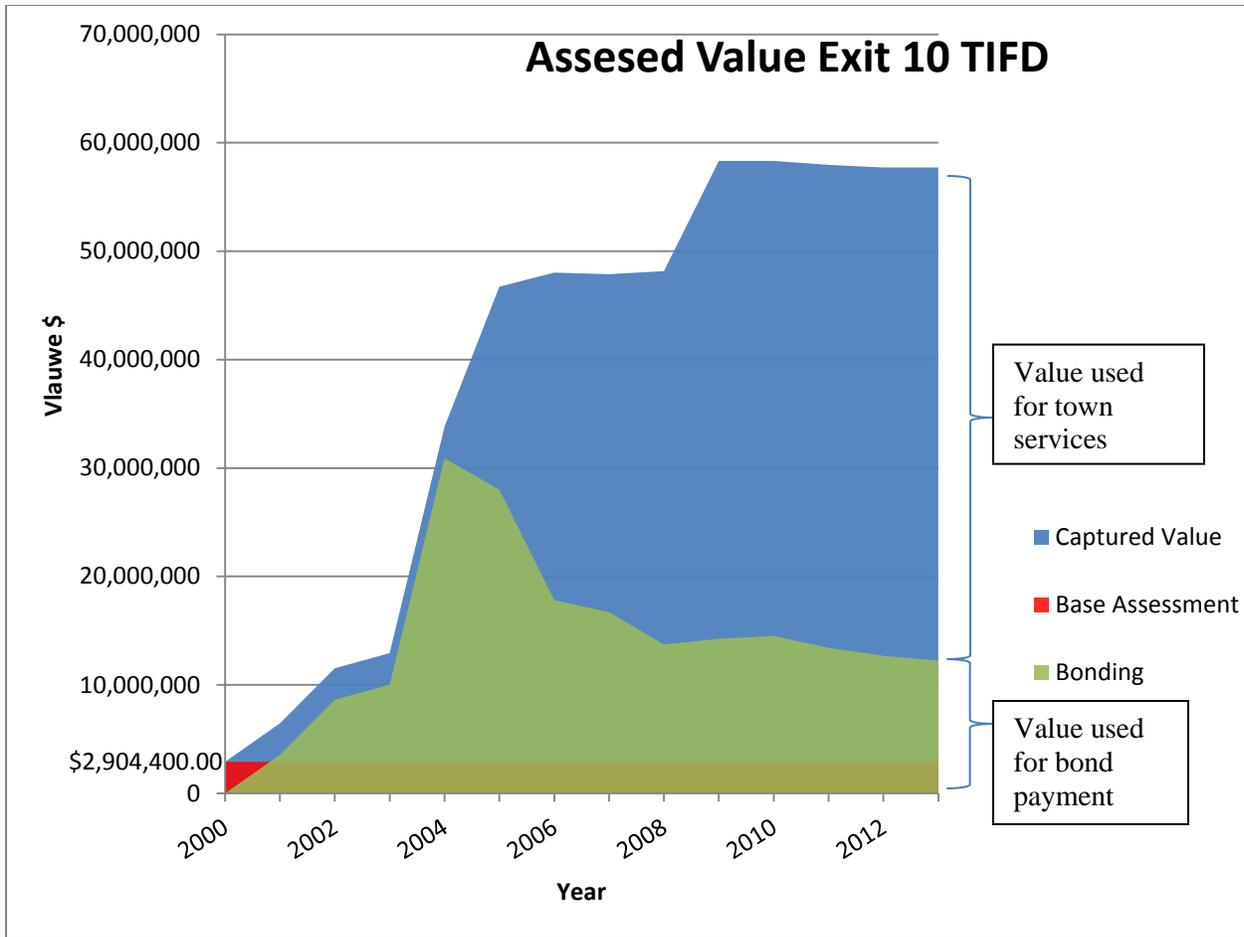
### Successful Results of Exit 10 TIF:

The Exit 10 TIF was a great success. Prior to the TIFD the site was a gravel pit. Thanks to the funding of road improvements in the amount of \$2.6 million the site is now home to Target, Home Depot, Kohl's Department Store, BJ's Wholesale Club and other restaurants and businesses. Following these businesses other major retailers chose the exit 10 area to open shop, including Wal-Mart, Market Basket and Dunkin Donuts all adding to Hooksett's tax basis.

According to the New Hampshire Employment Security, Target alone employees 249 people. JoAnn Duffy, Hooksett's Town Planner believes there are approximately 350-846 employees between the big box stores.

While the town did not achieve the secondary project it is currently working with Wal-Mart to expand the public sanitary sewer system into the area.

The taxpayers outside the district did not pay for any of the road improvements. The taxpayers within the district continue to be taxed, and the new, incremental tax revenue, created from the development of the district was set aside to pay for the road improvements within the district. As indicated in the chart below, the district paid the total cost of the road improvements and generated new tax monies from the commercial development.



The TIFD had a beginning baseline value of \$2,904,400. The 2012 assessed value of the district was \$57,719,700. Of that \$57,719,700, \$12,232,472 was used for to pay the last instalment of the bond. The remaining \$45,487,228 went towards the tax base, which equated to \$1,015,274 in tax dollars used to pay for town services in 2012.

**Tax Increment Financing & Development Plan**  
**For the Exit 10 Economic Development District**

As amended on March 22, 2001

RSA 164-K:9, Tax Increment Financing Plan, requires that the Town of Hooksett adopt a Tax Increment Financing Plan (TIFP). For any development district that its established. It is the intent of this plan to outline the purposes and objectives of the Town as they apply to the Tax Increment Financing District (TIFD), approximate the cost of the development program itself, attempt to outline the sources of revenue to finance the public costs, to estimate the bonded indebtedness and to state the amount of time the TIFD would be in place.

It is the goal of the Town of Hooksett to use the Exit 10 TIFD as a catalyst for economic development in that area of town. To accomplish this goal it is necessary that the Town fund public improvements necessary to attract private developers and in turn those private developers and the projects they will create would provide additional taxable commercial and industrial property. This type of expansion of the tax base adds very little to the cost of direct service the town would need to provide, particularly, in relation to additional education expenditures. The resulting impact, all things remaining equal, would result in a decrease in the tax rate to all taxpayers.

The objective of the Exit 10 Economic Development District is to construct, expand and rehabilitate public roads, utilities, facilities, open spaces and pedestrian ways to provide improved access and expanded capacities sufficient to encourage private investment in property within the district.

The initial project would provide major road improvements to the Rt. 3A / I93 Exit 10 interchange area including widening of Rt. 3A, installation of traffic signals and intersection improvements at Quality Drive, Rt. 3A and Technology Drive.

The cost of this project is estimated between \$3.5 and \$4.0 million, with the contribution from the District capped at \$2.6 million.

It is estimated this district will generate at least \$35,000,000 in new assessed value within The first two years. Under the current tax scheme that captured value would produce approximately \$500,000 annually in new revenue, which would be available for the defeasance of debt issued for the improvements. The District would expire at the conclusion of the bond repayment schedule.

A secondary project would include the extension of a sanitary sewer system to the District if and when the district is expanded within the five-year time frame as allowed by RSA 162-K.

The Town's Planning Board has already approved subdivisions and site plan approval on several key parts of the proposed TIFD. The developer has expressed his willingness to enter into a development agreement with the Town to assure the plan is developed. This agreement with the proposed developer will guarantee or otherwise provide surety against any reduction in general tax revenue occasioned by the development program and any shortfall in the tax increment necessary to meet the annual cost of the District.

Exit 10 Tax Increment Financing District					
					<b>2012 TOTAL ASSESSED VALUE</b>
<b>MAP/LOT</b>	<b>OWNER</b>	<b>LOCATION</b>	<b>ACRES</b>		<b>VALUE</b>
29-64-1	Koslowsky, Robert J.	1000 Quality Drive	10.6	\$	5,579,900
29-64-2	West River Road LLC	700 Quality Drive	7.45	\$	372,400
29-64-3	West River Road LLC	500 Quality Drive	3.33	\$	239,000
29-64-4	Target Corporation T-1520	100 Quality Drive	17.25	\$	16,124,500
29-64-5	NH Hockey 2000	600 Quality Drive	9.95	\$	2,000,000
29-64-A	Koffler/GID LLC	200 Quality Drive	8.7	\$	12,229,000
29-64-B	Natick NH Hooksett Realty	400 Quality Drive	15.8	\$	8,749,000
29-64-C	Town of Hooksett	Quality Drive	2.25		Exempt
29-64-Road	Town of Hooksett	Quality Drive	5.3		Exempt
29-70	Northeast Record Retention	91 West River Road	6.78	\$	2,400,000
29-71	Northeast Record Retention	100 West River Road	0.39	\$	46,800
29-72	Westriver Realty LLC	90 West River Road	3.7	\$	1,160,100
29-76-1	Sharon & Beth Dev	400 Technology Drive	64.11	\$	347,500
38-43-A	Winterhill Realty II LLC	300 Quality Drive	19.51	\$	8,271,000
38-43-B	Winterhill Realty II LLC	38 Kimball Drive	3.01	\$	200,500
			<b>178.13</b>	<b>\$</b>	<b>57,719,700</b>