

Planning and Development Committee
Wednesday July 6, 2016
6:00 PM
Conference Room
AGENDA

1. Approval of June 15, 2016 Minutes
2. Committee Applications:
3. Updates:
4. Old Business:
 - A. Discussion of Business Park Development Agreement – continued from June 15
5. New Business:
 - A. Overview of BETE and BETR policies – Kelly Karter, Assessor
 - B. Discussion of work plan and priorities for FY17
6. Zoning Considerations/Discussion
 - A. Update on Codification process
 - B. Ordinance amendments referred to Planning Board for recommendation:
 - a. Off-Premises Signage (referred 5/2/16)
 - b. Accessory Apartment Ordinance (referred 5/2/16)
 - c. Threshold for Building Permits, Zoning Ordinance (referred 5/16/16)
 - d. Shoreland Zoning Ordinance (referred 5/16/16)
 - C. Other amendments on Committee work plan
 - a. Harbor Ordinance
 - b. Mineral Extraction
 - c. Flag Lots
 - d. Home Occupation
 - e. Fees Ordinance
7. Citizens Initiatives:
8. Public Comments:
9. Committee Member Comments:
10. Adjourn (prior to 7 PM Special Town Council Meeting)

Town of Hampden
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Town of Hampden
RECEIVED
JUN 30 2016
Office of the
Town Manager

To: Angus Jennings, Town Manager & Council
From: Kelly Karter, Assessor *Kelly*
Re: BETE/BETR
Date: June 30, 2016

PERSONAL PROPERTY BETE & BETR

What is the BETE program?

BETE stands for Business Equipment Tax Exemption. Eligible business equipment (personal property) first subject to assessment on or after April 1, 2008 will be exempt from Maine personal property tax if an exemption request is submitted to the municipality. Eligible business equipment is property that would have ordinarily qualified for the Business Equipment Tax Reimbursement (BETR) Program, except for equipment located at certain retail facilities.

All businesses (whether they are qualified for the BETE program or not) are still required to continue to provide the Assessor with a yearly listing (declaration) of all personal property used in the business.

Applications for this exemption are due by May 1st of each year. Each year a business must reapply for the exemption. Failure to file the report in a timely manner, including any extension of time, disqualified the property involved from exemption for that tax year per Maine State law Title 36 subchapter 4-C section 693.

Does my business qualify for the BETE Program?

The BETE law states that the exemption program does not include property used in "retail sales activity" located in a "retail sales facility". Retail sales activity includes the selection, purchase or rental of goods or services. Retail sales facility is a structure used to serve customers who are physically present to choose, purchase or rent goods or services. However if your business involves the performance of services where the delivery of the service is not close together in time with the selection and purchase of the services by retail customers, then your equipment is not considered as "retail sales activity" and would be eligible for the exemption program.

What is the BETR program?

BETR stands for Business Equipment Tax Reimbursement. The Business Equipment Tax Reimbursement program applies to a business that paid personal property taxes on personal property items currently assessed that were placed in service after April 1, 1995 and before April 1, 2008

Does my business qualify for the BETR Program? Who may apply?

Any business taxpayer assessed and paying the personal property tax on eligible business property first placed in service in Maine (either by the current owner or previous owner) after April 1, 1995 may apply for a reimbursement of the property tax paid.

“Eligible Property” for the Business Equipment Tax Reimbursement Program means qualified business personal property first placed in service in Maine after April 1, 1995. Eligible property includes construction in progress commenced in the state after April 1, 1995, repair and replacement parts, improvements and inventory parts. Construction in progress prior to April 2, 1995 that was previously eligible for reimbursement in 1996 remains eligible for reimbursement.

Property Tax Relief Programs

Business Equipment
BETR / BETE

Maine Revenue Services
Property Tax Division
October 2013

<http://www.state.me.us/revenue/propertytax/propertytaxbenefits/bete.htm>

<p style="text-align: center;">BETR</p> <ul style="list-style-type: none"> ▪ Reimbursement Program ▪ Generally applies to qualifying equipment first placed in service in <u>Maine from 4/2/95 to 4/1/07</u> <ul style="list-style-type: none"> ▪ BETR continues for certain retail equipment even if placed in service in Maine after 4/1/07 ▪ Qualified equipment continues in BETR until removed from tax rolls ▪ 12 year limit eliminated but reimbursement rate decreases after 12 years 	<p style="text-align: center;">BETE</p> <ul style="list-style-type: none"> ▪ Exemption Program ▪ Applies to qualifying equipment <i>first placed in service in Maine after 4/1/07</i> <ul style="list-style-type: none"> ▪ With some exceptions, applies to same companies and types of property as BETR ▪ Does not apply to certain retail equipment
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BUSINESS
EQUIPMENT
TAX
REIMBURSEMENT

BETR

Reimbursement and Duration

- 100% of taxes for the first 12 years (except 90% for taxes paid in calendar year 2005, 2009, and 2012 and 80% for taxes paid in 2013)
- For years 13 and thereafter:

13 th year	75%
14 th year	70%
15 th year	65%
16 th year	60%
17 th year	55%
18 th year	50%
and later	

BETR

What Business Property?

- Generally: eligible business equipment first placed in service in Maine after April 1, 1995, but on or before 4/1/07
- BETR continues for certain retail equipment even if placed in service in Maine after 4/1/07

BETR

Eligible Business Equipment
(Exceptions Noted Below)

Personal property that further a particular trade or business activity

- Parts, additions and accessories
- Construction in progress
- Inventory parts
- Must be devoted to business purpose
- Must be depreciable under IRC or would be, but for fact fully depreciated

BETR

Eligible Equipment

- Land and building attachments
 - Eligible if used to further a particular trade or business activity v. primarily used to serve the building as a building or to further the use of land as land
 - Example: Manufacturer's clean room air system v. normal HVAC
 - May be assessed as real estate

BETR

Used Equipment

- Eligible if first placed in service in Maine after 4/1/95
 - Not eligible if purchased by current owner after 4/1/95 but was first placed in service in Maine before 4/2/95
 - Eligible if placed in service outside Maine before 4/2/95 but first placed in service in Maine after 4/1/95
 - Eligible if purchased from owner who first placed property in service in Maine after 4/1/95

BETR

Who Qualifies?

- Most businesses in Maine
 - Manufacturers
 - Retail/Wholesale
 - Service
- Party assessed property tax is entitled to reimbursement

BETR

Who Does NOT Qualify?

- Public utilities
- Providers of radio paging services
- Providers of mobile telecommunications services
- Cable television companies
- Providers of satellite-based direct television broadcast services
- Providers of multichannel, multipoint television distribution services

BETR

What Does NOT Qualify

- Land
- Buildings
- Normal land improvements - parking lots, fencing, etc.
- Registered vehicles and watercraft on which excise tax has been assessed and paid

BETR

Not Eligible But Some Grandfathered

- Office furniture including without limitation tables, chairs, desks, bookcases, filing cabinets and modular office partitions (April 1, 1996 property grandfathered)
- Lamps and lighting fixtures (April 1, 1996 property grandfathered)

BETR

Not Eligible

- “Big Box Retail”
 - Applies to property tax years beginning after 4/1/06 (first assessed 4/1/2007 or after)
 - property located in a retail sales facility exceeding 100,000 sq. ft. of interior customer selling space and used primarily in a retail sales activity
 - Property that qualified for the 2006 property tax year is grandfathered

BETR

Other Not Eligible

- Certain gas pipelines
- Certain generating facilities and transmission properties
- Certain gambling equipment

BETR

2 Step Reimbursement Process

1. File Assessor Notice & Equipment List (Form 801) with local assessor
2. File reimbursement claim with Maine Revenue (Form 800)

BETR

Assessor Notification (Form 801; Standard MRS Form)

- File notice with local Assessor
 - Listing eligible property; state of origin if equipment is used; number years reimbursement has been claimed; date placed in service; original costs
 - Assessor fills in assessed value; tax rate; assessed tax and signs

BETR

Filing Reimbursement Claim with Maine Revenue (Form 800)

- File Form 800 between August 1 and December 31
 - Covers taxes paid in prior calendar year

BETR

Filing BETR Claim With Maine Revenue

- Completed original Form 800
- Completed Form 801 filled out and signed by local assessor
- Tax receipt or cancelled check
- Property tax bill
- BETR payment within 90 days of filing claim

BETR

Timely Filing Required / Extensions

- Claim barred if not timely filed
- State Tax Assessor may extend Form 800 filing deadline for up to 60 days
- Taxpayer must show “good cause”

BUSINESS

EQUIPMENT

TAX

Exemption

BETE

BETE Exemption

- 100% property tax exemption for “eligible property” first subject to tax in Maine on or after 4/1/08
- No limit on length of time of exemption
- With some exceptions, uses same definitions of “eligible property” and applies to same types of property and companies as does BETR

BETE

Exemption – Filing Procedures - The Report

- By April 1 each year – file application with local Assessor identifying the exempt property
- Application must be on form prescribed or approved by State Tax Assessor and must be available to taxpayers before 4/1 each year
- Report must be filed by April 1 each year even if there’s no change

BETE

Exemption – Filing Procedures - The Report

- Automatic Extension to 5/1 if 4/1 deadline not met
- On written request local Assessor can extend 5/1 filing deadline
- For 4/1/2014 the application must contain income and expense information for taxpayers that make up more than 2% of the municipal tax base
- Property disqualified from exemption for any year in which the report is not timely filed or income and expense information is omitted for larger taxpayers

BETE

What is Eligible Business Equipment?

Qualified property that, in the absence of this subchapter, would first be subject to assessment under this Part on or after April 1, 2008 and includes:

- Personal property that furthers a particular trade or business activity
- Must be devoted to business purpose
- Parts, additions and accessories
- Construction in progress
- Inventory parts
- Must be depreciable under IRC... or would be, but for fact it is already fully depreciated

BETE

Who does NOT Qualify?

Property Owned or Used by an Excluded Person:

- A Public Utility
- A person that provides radio Paging Service
- A person that provided mobile telecommunications services
- A cable television company
- A person that provides satellite-based direct television broadcast services
- A person that provides multichannel, multipoint television distribution services

BETE

What does NOT Qualify?

- Office furniture
- Lamps and lighting fixtures used primarily for general office or worker lighting
- Property owned or used by an excluded person
- Telecommunications personal property
- Gambling machines or devices
- Property located at a retail sales facility and used primarily in a retail sales activity

BETE

Major Difference from BETR: Retail

- Exemption does not apply to property located at a retail sales facility and used primarily in a retail sales activity
 - This exception applies to both sales of goods and services
 - BETR applies to these items if otherwise eligible for BETR

BETE

Retail Sales Facility

- A structure used to serve customers who are:
 - physically present at the facility
 - for the purpose of selecting and purchasing goods or services at retail or for renting tangible personal property
 - Does not include a separate structure that is used as a warehouse or call center facility

BETE

Retail Sales Activity

- An activity associated with the selection and purchase of goods or services or the rental of tangible personal property
- Does not include production, *i.e.*, manufacturing / processing

BETE

Denials

- What if local Assessor denies exemption for piece of equipment?
- Statute has procedure to contest denial

BETE

Reimbursement to Municipalities

- Municipalities are reimbursed by the State for a percentage of the property tax revenue lost because of the exemption. Municipalities are entitled to at least the following amount of reimbursement:
 - 2008 100% of lost tax revenue
 - 2009 90% of lost tax revenue
 - 2010 80% of lost tax revenue
 - 2011 70% of lost tax revenue
 - 2012 60% of lost tax revenue
 - 2013 50% of lost tax revenue and later

BETE

Alternative Reimbursement to Municipalities

- Applies if business equipment (both taxable and exempt) exceeds 5% of town's total value of all taxable property plus the value of exempt business equipment
- Reimbursement % = 50% plus ½ of the percentage that business equipment (both taxable and exempt) represents of the town's total value of all taxable property plus the value of exempt business equipment

BETE

Example of Alternative Reimbursement

- If value of business equipment (both exempt and taxable) equals 40% of the town's total value of all taxable property plus the value of exempt business equipment
- The municipal reimbursement would be:

50% + ½ of 40% = 70%

BETE

Municipal Valuation Return

- Enhanced Tax Rate Calculator (TRC) required if equipment located in TIF District approved prior to April 1, 2008 and the percentage of tax on the CAV retained by the municipality for established project exceeds the percentage reimbursement the municipality would otherwise be entitled to.
- Enhanced TRC also required if business equipment exceeds 5% of town's value + BETE value.

BETE

Reimbursements

- Municipality may grant exemption but BETE must be reported on MVR before reimbursement can be issued.
- Reimbursements issued in December unless additional information required.
- BETE mandate payments issued in May/June.

BETE

Records Retention/ MRS Audit

- Applications must be available for MRS review and kept on file in office as required by the rules of the State Archives Advisory Board.
- Amount of any improperly approved exemption reimbursement recaptured by setoff of municipal payments (3 year window)

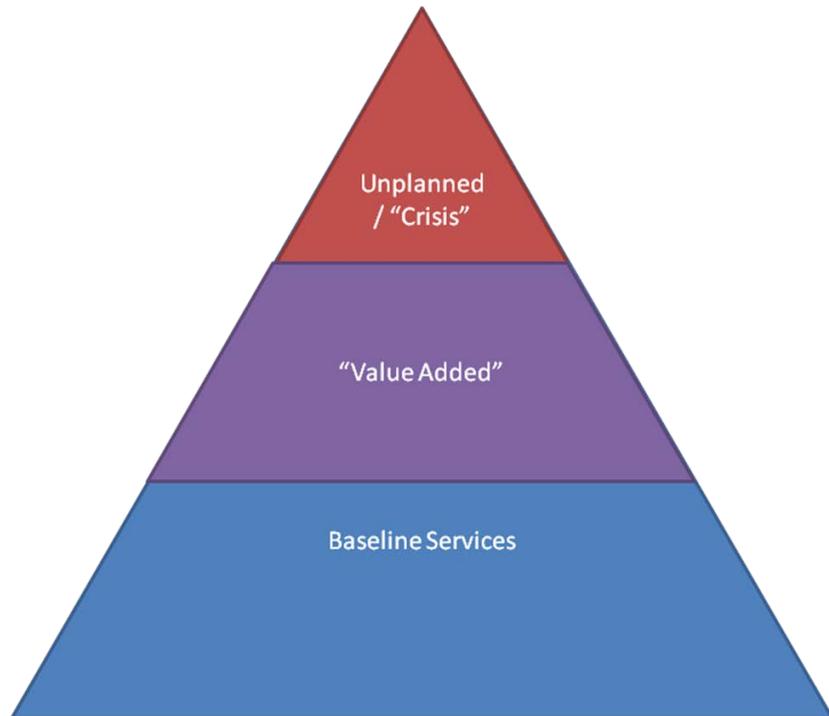
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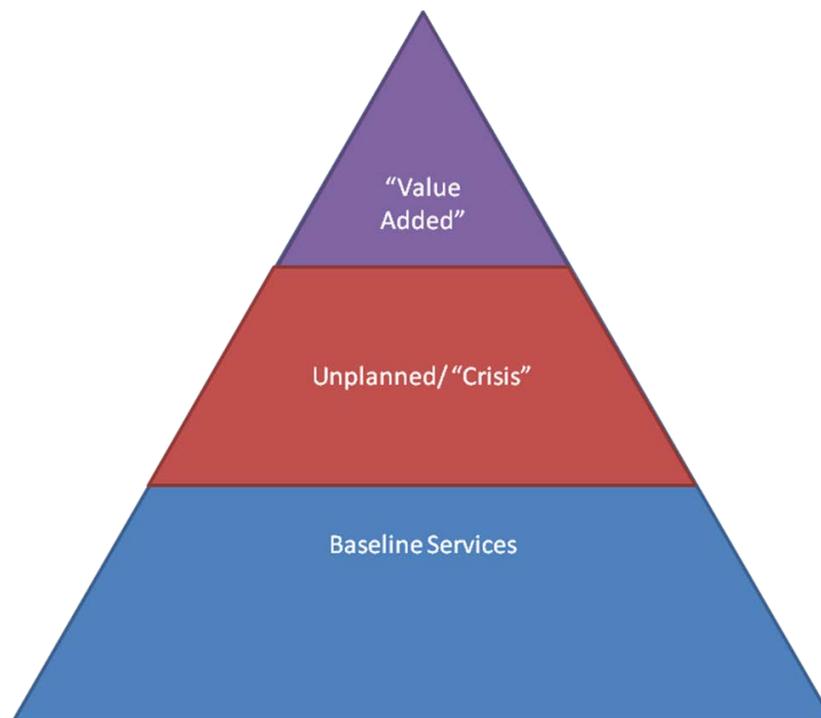
TO: Town Council Committees
FROM: Angus Jennings, Town Manager
DATE: July 2, 2016
RE: Work plan and priorities for FY17

Now that FY16 is over, Mayor Ryder and I have agreed that it will be important in July and August to review, within each of the Council’s four Committees, anticipated work plan and Council and Manager priorities for FY17. The FY17 Budget has been adopted, giving us baseline information regarding financial and personnel resources for the year ahead. Over the course of my municipal career I’ve come to think of the services towns provide in three categories, illustrated as follows:



Baseline services include functions that are mandated by local, State or Federal statute, regulation or administrative agency. “Value added” services include, for example, proactive planning and zoning efforts, grant applications, and non-mandated services that are nonetheless provided on a regular basis. Unplanned services represent issues that are not part of a specific work plan but, when they arise, must be addressed. In some departments more than others, this category can represent “crises” in a true sense of the word. The pyramid is intended to illustrate relative time impact (in personnel hours) of the various types of services (i.e. on a week to week basis, Baseline Services occupy the greatest share of staff time, etc.).

As a practical matter, when Unplanned/Crisis situations arise, these have the effect – for whatever the duration of the event – of displacing time toward Value Added services, while in every circumstance the Baseline Services must continue to be provided. So, during periods where Unplanned/Crisis work arises, the pyramid looks more like this:



For this reason, it is important to re-evaluate work plan and priorities on a regular basis in order to make adjustments to the timing of Value Added services if/as needed to accommodate Unplanned/Crisis work while also maintaining Baseline Services.

As we discussed during the Town Manager interview process last summer, it is my opinion that true prioritization requires a statement of both what is to be done, and of what will not be done (either at all, or on a particular timeframe, i.e. extending the time horizon for certain Value Added services that may be important, but that – in light of overall work planning – are not near-term priorities).

As we also discussed during the interview process, it is my opinion that government is notoriously bad at leveling with the public (and, sometimes, itself) regarding what will not be achieved within a defined period of time. In my experience this has two inevitable and unfortunate consequences: the first is that the public can become frustrated by statements of what will be achieved, but a failure to achieve the goals on the established timeline; and, because the system of government is trying to achieve more than it has the capacity to achieve, the quality of work suffers because tasks are done with an emphasis on speed rather than diligent attention, and balls can be dropped because the system is over capacity. Personnel fatigue and burnout can also result.

During the selection process, I made a commitment to the Council that I would not proceed in this manner, but rather would work with the Council based on clear information regarding priorities, capacity/bandwidth, and the time it takes to accomplish

particular tasks, in order to establish meaningful priorities that can actually inform the work planning for municipal personnel and private sector and institutional partners. While it is not easy to state on the public record that certain public goals – which are understood to be important – will not get done (on a certain timeframe), it is absolutely imperative to do so. If the municipal government is unable (or unwilling) to establish and maintain priorities, every new commitment of resources (whether mandated, “value added” or “crisis”) simply competes against those commitments already underway, and can threaten the system’s ability to meet the commitments it has already made. Over time, in addition to doing actual harm (i.e. balls dropped), this affects municipal government’s credibility, and can undermine public confidence.

We are at a point where this exercise of prioritization is essential. We have been short-staffed in the planning and economic development arena for seven (to become eleven) weeks, during which time I (along with Myles and Rosemary) have taken on significant additional responsibilities. We are at a period of staff transition as we’ll be working to integrate a new Town Planner into our operations, modify several staff job descriptions and responsibilities (regarding payroll, finance, administration and DPW administration), and add a new administrative staff person with direct involvement in daily cash and financial transactions. We are also entering the most time-intensive and critical phase of the year from a financial management standpoint as we prepare for the FY16 Audit and for the issuance of a Tax Anticipation Note for FY17. And, the work to be ready for a November 2016 bond authorization referendum must also begin in earnest.

A review of the past year’s meeting agendas and identified work items of each of the Council’s Committees (many which fall into the “Value Added” category) illustrates a mismatch between policy “priorities” and actual personnel resources to get this work done (concurrently, anyway). This is not an issue of capability; we have excellent personnel in every area of the organization. It is an issue of capacity i.e. bandwidth.

So, Mayor Ryder and I would like to work with each of the four Committees and their Chairmen during the summer months to advance from “priorities” to **priorities**. In so doing, we will need to identify important work items that can be deferred. However, we will also agree to work items that are of greater importance in FY17 and, in so doing, we can more effectively partner with private sector and institutional partners to actually deliver on the commitments we make (and have made). This exercise will also be critical to my ability to effectively manage personnel resources so that each of our municipal departments can actually “plan their work and work their plan.”

Building on the February Goal Setting sessions and the intensive FY17 budget process in May and June, I look forward to beginning this process in earnest at Tuesday’s Administration and Finance meeting, Wednesday’s Planning & Development Committee meeting, and at the July meetings of the Services and Infrastructure Committees.

To inform your consideration, I have attached a tasks matrix that I began working on last August and have periodically updated since then. This has not been updated since May 1, and is not exhaustive, but can provide a foundation for this work. I have also attached a prioritization matrix that we reviewed at the February Goal Setting sessions. I have found this matrix useful and offer it as a resource; of course you may prefer your own approach if you have a different method that is effective for you.

Present

Future

A
Vital

B
Important

C
Optional

D
Worthless