

Salem Commercial and Industrial Property Tax Exemption Program

Section 1: Adoption of Program

1.1 Pursuant to the authority granted by RSA 72:27-a, RSA 72:81, and RSA 72:82, and such other relevant authority bestowed upon it as a political subdivision of the State of New Hampshire, the Town of Salem ("Salem" or the "Town") through its legislative body, the Salem Town Council ("Town Council"), adopts the Salem Commercial and Industrial Property Tax Exemption Program for application within the geographical limits set forth below.

Section 2: Short Title

2.1 Salem Commercial and Industrial Property Tax Exemption Program (the "Program").

Section 3: Enabling Statutes

3.1 NH RSAs 72:27-a, 72:81, and 72:82.

Section 4: Purpose; Declaration of Public Benefit

4.1 It is declared to be beneficial to the public interest to enhance Salem's commercial and industrial property tax base to attract, promote, and stimulate economic activity.

4.2 It is further declared to be beneficial to encourage the development and redevelopment of commercial and industrial properties in Salem to foster economic growth and smart development practices.

4.3 Short-term property tax relief and related covenants, as described in this ordinance, provide a demonstrated public benefit by encouraging new construction and use of Qualifying Structures, and replacement, substantial rehabilitation, and use of Qualifying Structures.

4.4 The Town Council determines that it is in the public interest to make the Program available town-wide for commercial and industrial uses.

Section 5: Tax Relief Authority

5.1 Salem, through the Town Council, hereby adopts RSA 72:80-83 in the manner specified under RSA 72:27-a and RSA 72:82. In addition, the Town may modify the incentive program to best suit the needs of the Town and its constituents.

Section 6: Definitions

6.1 Assessed Value: The Assessed Value of the improvements and structures as of April 1 of the tax year to which the exemption pertains, pursuant to RSA 72:83.

6.2 Commercial Uses: Retail, wholesale, and service uses, including: brewery; brew pub; commercial performing and fine arts schools and studios; conference center; golf course/country club; grocery store; hotel; medical office; professional childcare facility;

professional office; restaurant; retail sales establishment; or any additional commercial use as determined to have a public benefit by the Town Council.

6.3 Industrial Uses: Manufacturing, production, assembling, warehousing, or processing of goods or materials for sale or distribution, or research and development activities, including: bottling facility; equipment upfit (repair); industrial establishment; light industrial establishment; industrial repair garage; industrial supply; laboratory (medical/dental); laboratory: research, experimental, testing; light industry; light manufacturing; printing; product assembly; publishing; research and development facility; warehouse; wood/metal craft; or any additional industrial use as determined to have a public benefit by the Town Council.

6.4 Original Assessed Value: The value of the Qualifying Structure assessed at the time that the governing body approves the application for Tax Relief and the owner grants to the municipality the covenant to protect public benefit as required in this ordinance.

6.5 Qualifying Area: The Qualifying Area is The Town of Salem.

6.6 Qualifying Structure: A structure located in the Qualifying Area built, rebuilt, modernized, or enlarged to be used for Commercial or Industrial Uses as defined herein.

6.7 Replacement: The demolition or removal of a Qualifying Structure and the subsequent construction of a new structure on the same lot.

Section 7: Tax Relief

7.1 The Tax Relief Period is the finite period of five years during which the Tax Relief, as described in this section, will be effective. The exemption shall be granted for municipal and local school property taxes assessed by the municipality, excluding state education property taxes under RSA 76:3 and county taxes assessed against the municipality under RSA 29:11.

7.2 Tax Relief shall be granted in the form of an exemption from taxation for commercial and industrial properties as follows:

- The exemption will not apply to the entirety of the property value, but only to any increase in assessment which results from the new construction.
- The duration of the exemption shall be five (5) years.
- For purposes of this exemption, the term “new construction” shall mean new structures, or additions, renovations, or improvements to existing structure
- The percentage of authorized exemption is as follows:

Tax Year	Exemption on the increase in Assessed Value
Year 1	50% of the increased assessment value as described above;
Year 2	40% of the increased assessment value as described above
Year 3	30% of the increased assessment value as described above;
Year 4	20% of the increased assessment value as described above;
Year 5	10% of the increased assessment value as described above.

7.3 Applicants must demonstrate a public benefit as defined in Section 8 of this ordinance to qualify for Tax Relief.

Section 8: Public Benefits

8.1 In order to qualify for Tax Relief as set forth in section 7.2 above, the proposed new construction or rehabilitation must, in the reasonable discretion of the Town Council, provide two or more of the following public benefits, and the proposed Replacement must provide two or more of the same public benefits to a greater degree than would a rehabilitation of the same Qualifying Structure, as follows:

- It enhances economic growth and increases the Town's tax base.
- Creation of needed services or facilities not currently available in Town.
- Redevelop and revitalize commercial or industrial area.
- Prevent or eliminate blight.
- Retain local jobs, increase the local job base, and/or provide diversity in the job base.

Section 9: Covenant to Protect Public Benefit

9.1 Tax Relief for the construction, rehabilitation, or replacement of a Qualifying Structure shall be effective upon the property owner's grant to the municipality of a covenant ensuring that the Qualifying Structure shall be maintained and used in a manner that continues the public benefit for which the Tax Relief was granted and as otherwise provided in this ordinance.

9.2 This covenant shall be released upon the expiration of the Tax Relief Period. The covenant shall include provisions requiring the property owner to obtain commercially reasonable casualty insurance, and flood insurance, if relevant. The covenant may include, at the Town Council's sole discretion, a lien against proceeds from casualty and flood insurance claims for the

purpose of ensuring proper restoration or demolition of damaged structures and property. If the property owner has not begun the process of restoration, rebuilding, or demolition of such structure within one year following damage or destruction, the property owner shall be subject to the termination of the Tax Relief after notice and an opportunity to be heard.

9.3 The Town shall provide for the recording of the covenant to protect public benefit with the registry of deeds. It shall be a burden upon the property and shall bind all transferees and assignees of such property for the duration of the Tax Relief Period, but shall thereafter expire without further effect.

Section 10: Application Procedure

10.1 An owner (or authorized agent, including a prospective purchaser and developer) of a Qualifying Structure who intends to construct, rehabilitate, or replace such structure, may submit an application for the Tax Relief to the Community Development Office prior to construction, but not after December 31 before the beginning of the tax year for which the exemption is sought. This application will be reviewed by all necessary departments to include: Planning, Assessing, and Inspectional Services.

10.2 The application for property tax exemption shall not be deemed complete, and the governing body shall not schedule a hearing on the application until all required information has been submitted.

Section 11: Application Fees

11.1 An application fee of \$150, or an amount subsequently adopted by the Town Council, shall be paid at the time of application submission to the Community Development Office, made payable to the "Town of Salem."

11.2 The applicant shall also be responsible for the reasonable expenses incurred by the municipality in the drafting, review, and recording of the covenant.

Section 12: Review and Decision by Town Officials

12.1 Upon receipt of a complete application, the Town Council shall consider the application in the normal course of business and notify the applicant of its decision no later than February 28 before the beginning of the tax year for which the exemption is sought. The Town Council shall determine:

- Whether the structure will be in the Qualifying Area.
- Whether the structure at issue is a Qualifying Structure.
- Whether there are public benefits to granting the Tax Relief.

12.2 In determining the existence and extent of a public benefit, the Town Council shall also identify the costs and detriments associated with the proposed development or project, and

weigh such factors against any public benefit. Only if the public benefit is found to specifically outweigh any costs and detriments shall the Town Council grant the Exemption.

12.3 The Town Council may seek assistance from Town officials, legal counsel, boards, or commissions in making its determinations, and shall conduct a public hearing.

12.4 After following the procedures established herein, the Town Council may grant the Tax Relief, provided:

- The Town Council finds public benefits as defined herein.
- The specific public benefits are preserved through a covenant as set forth above.
- The Town Council finds that the proposed use is consistent with the applicable master plan, zoning ordinance, or development regulations.

12.5 If the Town Council grants the Tax Relief, it shall identify the specific public benefits achieved as defined herein.

12.6 The burden of demonstrating the public benefits shall be on the applicant. The Town Council or its agents may request such additional or updated information as is necessary to determine eligibility. Should the Town in its discretion determine that third party review or consultation is required, the applicant shall bear the associated cost. See RSA 72:83, III. If the Town Council determines that the applicant provided incorrect or false information during the application process or failed to provide information after such a request, the Town Council may refuse to grant the exemption without further inquiry.

12.7 If the Town Council, in its sole discretion, denies the application for Tax Relief, such denial shall be accompanied by a written explanation. The governing body's decision may be appealed either to the Board of Tax and Land Appeals or the Superior Court in the same manner as provided for appeals of current use classification pursuant to RSA 72:83; provided, however, that such denial shall be deemed discretionary and shall not be set aside by the Board of Tax and Land Appeals or the Superior Court except for errors of law or abuse of discretion.

Section 13: Duration and Limitations of Property Tax Incentive Program

13.1 Pursuant to RSA 72:81, the exemption shall apply only to municipal and local school property taxes assessed by the municipality which shall exclude state education property taxes under RSA 76:3 and county taxes assessed against the municipality under RSA 29:11.

13.2 If the municipality completes a revaluation during the period for which an exemption has been granted, the amount of the exemption shall be adjusted by the difference in equalization ratios applicable in the municipality before and after the revaluation.