

The Balsams Resort

Senate Bill 30 Amendment Explained

December 27, 2018

Q - What does this proposed amendment actually do?

A – This would amend Senate Bill 30, (SB 30) which was originally written and passed in 2015, requiring the NH BFA’s participation to issue the bond for a tax assessment district at the Balsams and provide a State Loan Guarantee. This amendment allows for an alternative path without the BFA’s participation. It would allow the County to issue the bond, but without a loan guarantee. It would simply enable – but not require – the County to issue the bond and create the tax assessment district.

Q - Is there any liability to the County in issuing the bond? And if not, why?

A - Having the County issue the Bond requires no liability to the County or its taxpayers. This amendment simply removes the requirement for a State Loan Guarantee to be placed on the bonds, so therefore there is no repayment risk or liability to the County or the taxpayers. The County would issue and administer the bond and the tax assessment district for an annual fee, paid by the Balsams, but has no financial risk or liability for the Bond’s repayment.

Q - How does the County properly protect itself and its residents?

A - The County will retain Bond Counsel, a legal firm with experience in bond financings and Tax Assessment District or TIF financings, to ensure that the documentation associated with the bond issuance and the tax assessment district is correct and in the best interest of the County. The cost of this Bond Counsel will be paid by the Balsams Resort, which is standard in project finance. The Project intends to assume the legal fees of institutions involved in the financing, but they have no input into which counsel is used by the County, or what the counsel recommends to the County.

Q - Is Tax Increment Financing (TIF) normally used for municipalities?

A - Typically, TIF financings have been used in relation to public efforts or municipalities infrastructure projects, such as road or sewer improvements. However, it is not unusual for TIF financings to be used in private efforts as a tool to spur economic development and attract outside investment, particularly in economically distressed areas like the North Country.

Q - What happens to the County’s tax base?

A - The existing County tax base stays the same. The Tax Assessment District tax revenues only come from the assets improved or built within the Tax Assessment District. The Tax Assessment District will be defined in conjunction with the County and the NH Department of Revenue Administration. Fundamentally, the district will be limited to the Balsams Resort Redevelopment, and not other landowners or property assets within Dixville. Also, the property associated with the Balsams that resides in Colebrook will not be a part of the District and will remain subject to town and county property taxes.

Q - What happens if the Project ultimately fails? Who is responsible for the \$28MM Tax Assessment District financing?

A - In the event the project fails, the County has no responsibility for the \$28 Tax Assessment District financing. The buyer of those bonds, be it a lending institution or a private investor, is responsible for that, and will have a priority position on the real estate assets as collateral in the event of default.

Q - What is in it for the County? For Colebrook? For the State?

A - The County stands to benefit from the many employment opportunities that the Balsams Redevelopment will create, both via construction and then ultimate operations. According to an Economic Impact report prepared by PolEcon Research, benefits include:

- **Putting people to work** – The Balsams will increase the size of Coös County labor force and raise the below-average labor force participation rate, especially among younger, working age residents, who may otherwise need to leave the area or commute long distances for employment.
- **Job diversity** – The Balsams Resort will create 600 construction jobs during Phase 1. Once operational, the Balsams will employ roughly 400 people at the resort with the potential of creating more than 1,500 once the build out is complete, as well as indirect jobs in the communities around Dixville.
- **Good wages** – Wages at the resort will average more than \$17 per hour and the median wages are above the median for all of Coös County.
- **Tax Revenue** - In total, annual state government revenues (i.e. - taxes on rooms and meals, gas, liquor and lottery sales, real estate transfers) associated with the operation of a renovated and expanded Balsams Resort are projected between \$3.1 million in Phase 1 and \$9.9 million at full buildout.

Coos County's economy has been hard-hit over the last decade by the demise of manufacturing and paper-making industries and the original Balsams' shuttering in December 2011.

Phase I of the Balsams' redevelopment plan represents:

- approximately 600 construction related jobs over a 24-month construction schedule
- 400 full time direct jobs, and more than 100 indirect jobs once operations begin
- generation of more than \$3MM annually (increasing with additional Phases) in state revenues associated with the Rooms and Meals tax and real estate transfer taxes

Further, once the Bond is repaid, the County will then be able to apply County Taxes to these assets, and increase their overall tax base.

The assets located in Colebrook, which is primarily the Panorama golf course and any future development around it, will be subject to town and county property taxes, as they are now. It is expected that many residents in Colebrook will find employment at the Balsams, and being the nearest town to Dixville, we expect that many businesses in the community, and surrounding areas, will benefit from the increase in wages in the area. We also expect many existing businesses to grow and many new businesses to relocate to the North County – just as this has happened around any major resort such as Sunday River, Killington and Sugarloaf.