VERMONT

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Senate Finance Committee
Summary Testimony from Abbie Sherman
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- Program is for smaller towns or towns who have just one project they need help to move forward. It is for towns with the capacity to manage, and could receive some assistance from a coordinating agency. That could be a regional planning commission or a consultant. Towns frequently do this when applying for grants.

- Comparison to TIF Districts:
    - Provided a document which compares TIF Districts to Project-Based TIF, using Hartford TIF District and their Prospect Street project as examples.
    - TIF Districts have multiple projects, multiple bond votes, multiple private developments over a long period of time. It's a lot to coordinate.
    - Project based TIF is one project, one bond, and one or a few private developments over a short period of time.
    - Under project based TIF, once the project is complete the town just tracks the increase in tax increment and the debt service payments. The increases in tax increment are automatically tracked in the Grand List module using the same method used with TIF Districts.
    - The town can hire a project manager to track and implement the project, or a coordinating agency.
    - See also the provided sample of reporting requirements which was submitted to demystify what that might look like. Some of the information would be prepopulated by VEPC staff.

- Changes in the legislation proposed this year versus prior years:
    - Partially based on requirements from the Community Recovery & Revitalization Program and partially based on feedback from towns.
        - Required to demonstrate leveraging of other sources of funding. Not a full reliance of tax increment.
        - Required to demonstrate an ability to manage the project.
        - Required to have a plan for fiscal viability. VEPC staff will develop the form to assist with planning on that.

        - Continue with the list of towns with stagnant or declining grand list values as part of the review.
    - Allows for a little more time for towns to incur debt (5 years instead of 3)
        - Process on VEPC side more aligned with a Master TIF Determination where there is essentially a "pre-approval", but before going to the voters, towns would come back to VEPC for final approval.
    - Included the funding of debt service reserves.
        - Tool is allowed under the indebtedness statutes.
        - Why take away a tool? Allow towns to use all tools available.
    - Increased share of tax increment
        - Up to 80% of education, and to offset that is 100% of municipal tax increment. It is understood that the increment may not yield enough tax increment to fully provide for annual debt service payments, so allowing towns to retain a little more would allow for greater success.
    - Length of time to retain increment.
        - Aligns with length of debt instead of a set period of 20 years.
        - So that towns don't fall off a cliff 20 years into repayment.

- Anything not specifically spelled out in statute, VEPC can adopt policies that are consistent with TIF Rule

Comparison to grants:
- TIF requires that there by private development which gives the State a return on investment. With grants, there's less guarantee that will happen.
- TIF requires the private developer to come to the table.
- TIF does not require the State to provide upfront funds.

Audits:
- The legislation requires that town have their TIF fund audited every year by the independent auditor.
- In prior years, it has been suggested that an audit of each project also be audited by the State Auditor's Office. This would be an extraordinary expense to the town. The committee may want to instead consider an audit of the overall program, as is done with grant programs, to look at the functioning of the project-based TIF program as a whole rather than on a town by town basis.