

**House Ways and Means Committee
March 29, 2023
Town of Hartford Written Testimony**

H.107 – A Bill Related to Hartford’s Tax Increment Financing District

1. Extend the deadline to incur debt District from 2024 to 2026.
2. Extend the deadline to collect new Tax Increment from 2034 to 2036.

One can't help but notice the transformation in Downtown White River Junction over the past 10 years. It is one of the most notable hubs for new housing, restaurants, shops, offices, recreation and the arts on the east side of the state.

Much of this was made possible because of the partnership between the public and private sectors through Vermont's TIF program.

Very old below and above ground public infrastructure was needed to support the revitalization of private sector investment. Some examples of private development resulting from TIF are:

- Prospect Street – 2 new office and services commercial buildings completed, and 42 units of mixed income housing under construction now.
- Bridge and South Main Streets - New building with 16 affordable and 1 market rate apartments with retail on the first floor.
- Reconstruction of the former Legion building into 22 apartments, restaurant, offices and retail.
- Reconstruction of a former cleaners into 42 units of housing.
- New construction of 68 units of housing with first floor commercial.
- Construction of a new state of the art 240 seat indoor theater, education center and outdoor theater stage.
- Construction of a full service 80-unit assisted living and memory care facility.
- Renovation of the former Newberry store space into the Newberry Market featuring a new restaurant, major expansion of existing restaurant, and multi-purpose space now the home of Junction Arts and Media (formerly CATV).

Hartford's TIF District has been successful. Since the beginning the District's Education Grand List value has increased from \$33,514,500 to \$68,689,200 – more than doubled (\$35,174,700).

Since the FY2021, the Town has incurred \$6,398,528 of additional debt for projects already in progress. The following are examples of the debt since FY 2021 through anticipated in FY 2024.

FY 2021 – \$254,079

FY 2022 - \$375,036

FY 2023 - \$686,067

FY 2024 - \$800,381 and just below this for the several following FYs

Even though the Town diligently pursued additional infrastructure improvements since FY2020 to support private sector development, COVID delays kept coming. Below are some examples:

S Main, N Main, Gates Streets - Above and below ground reconstruction \$5.777 M Improvements in core of downtown WRJ.

- 2019 Voter approval.
- Loans pulled in 2020 for 2020 construction with delays into 2 phases.
- Just completed in 2022- took 3 construction seasons to complete instead of one.

Town Square Parking – Total reconstruction in core of downtown.

- Voter approval in 2020.
- Delayed obtaining loans until early 2021 due to COVID thinking could be done on tail end of 2021 construction season following S Main St improvements completion in 2021.
- Delay of above project had domino effect so now this is scheduled for construction in 2024.

S Main Street Parking Lot – Total reconstruction and increasing size.

- 2020 Voter approval for 2021 construction season.
- Due to COVID delayed getting loans until 2022 with intent to construct in 2022.
- However, COVID related delay for completing the S Main, N Main, Gates Street project until 2022 has pushed this project to the 2023 construction season.

The worldwide impact of the pandemic for the past three years is not anything that any of us had anticipated. Rather, it is clear that COVID has significantly impacted planned public and private sector development in the TIF District, which have delayed when the tax increment would be generated from new private development.

Hence these taxes are not being collected today (and in future years) reducing the overall increment anticipated to be collected by this time and through the 20- retention year period. Given these circumstances, the Town has been fiscally responsible by putting on hold incurring additional debt for the remaining \$1,830,400 of infrastructure improvements in the TIF District’s approved Plan.

In recognition of these unavoidable delays, the Town is asking to extend the time period for incurring debt to 2026 and collecting the increment at the end of the 2034 retention period by two years. The Town is not requesting an increase in the amount of funds to be retained, but rather when being retained.

Since 2011 the Town has demonstrated it is a good steward of the TIF Program and of public funds. Hartford is almost at the finish line and needs a little more time to weather the effects of two very unique and unexpected disruptions in the world economy affecting public and private sector investments.

Your consideration of the Town’s Testimony is greatly appreciated.

Background Information

- Hartford’s TIF District was effective as of March 2021.
- The Town has until March 31, 2024 to incur debt for public infrastructure projects that will use TIF tax Increment for loan payments.

- In Hartford, the TIF District retains 75% of the new state and local tax revenue (referred to as “Increment”) for 20 years starting when the Town incurred the first public infrastructure debt in 2014. This period ends in 2034.
- Once the debt period has been completed, the Town is required to undergo a review to determine the increment needed to retire debt and cover related costs. If the anticipated retention is greater than needed, the amount of increment being retained is adjusted accordingly.