

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.
3 94 entitled “An act relating to the City of Barre tax increment financing
4 district” respectfully reports that it has considered the same and recommends
5 that the House propose to the Senate that the bill be amended by striking out all
6 after the enacting clause and inserting in lieu thereof the following:

7 * * * Vermont Economic Progress Council * * *

8 Sec. 1. 32 V.S.A. § 3325 is amended to read:

9 § 3325. VERMONT ECONOMIC PROGRESS COUNCIL

10 (a) Creation. The Vermont Economic Progress Council is created to
11 exercise the authority and perform the duties assigned to it, including its
12 authority and duties relating to:

13 (1) the Vermont Employment Growth Incentive Program pursuant to
14 subchapter 2 of this chapter; and

15 (2) tax increment financing districts pursuant to 24 V.S.A. chapter 53,
16 subchapter 5 and section 5404a of this title.

17 (b) Membership.

18 (1) The Council shall have 11 voting members:

19 (A) nine residents of the State appointed by the Governor with the
20 advice and consent of the Senate who are knowledgeable and experienced in
21 the subjects of community development and planning, education funding

1 requirements, economic development, State fiscal affairs, property taxation, or
2 entrepreneurial ventures and represent diverse geographical areas of the State
3 and municipalities of various sizes;

4 (B) one member of the Vermont House of Representatives appointed
5 by the Speaker of the House; and

6 (C) one member of the Vermont Senate appointed by the Senate
7 Committee on Committees.

8 (2)(A) The Council shall have two regional members from each region
9 of the State, one appointed by the regional development corporation of the
10 region and one appointed by the regional planning commission of the region.

11 (B) A regional member shall be a nonvoting member and shall serve
12 during consideration by the Council of an application from ~~his or her~~ the
13 member's region.

14 (3) The Council shall provide not less than 30 days' notice of a vacancy
15 to the relevant appointing authority, which shall appoint a replacement not
16 later than 30 days after receiving notice.

17 * * *

18 (e) Operation.

19 (1) The Governor shall appoint a chair from the Council's members.

20 (2) The Council shall receive administrative support from the Agency of
21 Commerce and Community Development and the Department of Taxes.

1 (3) The Council shall have:

2 (A) an executive director appointed by the Governor with the advice
3 and consent of the Senate who is knowledgeable in subject areas of the
4 Council's jurisdiction and who is an exempt State employee; and

5 (B) administrative staff.

6 (4) The Council shall adopt and make publicly available a policy
7 governing conflicts of interest that meets or exceeds the requirements of the
8 State Code of Ethics and shall include:

9 (A) clear standards for when a member of the Council may
10 participate or must be recused when an actual or perceived conflict of interest
11 exists; and

12 (B) a provision that requires a witness who is an officer of the State
13 or its political subdivision or instrumentality to disclose a conflict of interest
14 related to an application.

15 (5) The Council shall not enter into executive session to discuss
16 applications or other matters pertaining to the Vermont Employment Growth
17 Incentive Program under subchapter 2 of this chapter unless the Executive
18 Branch State economist is present and has been provided all relevant materials
19 concerning the session.

20 * * *

1 Sec. 2. 32 V.S.A. § 3326 is amended to read:

2 § 3326. COST-BENEFIT MODEL

3 (a) The Council shall adopt and maintain a cost-benefit model for assessing
4 and measuring the projected net fiscal cost and benefit to the State of proposed
5 economic development activities.

6 (b) The Council shall not modify the cost-benefit model without the prior
7 approval of the Joint Fiscal Committee.

8 (c)(1) The Council shall contract with the Executive Branch State
9 economist to perform the cost-benefit analysis using the cost-benefit model
10 when considering an application for incentives under subchapter 2 of this
11 chapter.

12 (2) The Executive Branch State economist shall consult with the Joint
13 Fiscal Office or its agent concerning the performance of the cost-benefit
14 analysis and the operation of the cost-benefit model for each application in
15 which the value of potential incentives an applicant may earn equals or
16 exceeds \$1,000,000.00.

17 Sec. 3. 32 V.S.A. § 3340 is amended to read:

18 § 3340. REPORTING

19 (a) On or before September 1 of each year, the Vermont Economic
20 Progress Council and the Department of Taxes shall submit a joint report on
21 the incentives authorized in this subchapter to the House Committees on Ways

1 and Means, on Commerce and Economic Development, and on
2 Appropriations, to the Senate Committees on Finance, on Economic
3 Development, Housing and General Affairs, and on Appropriations, and to the
4 Joint Fiscal Committee.

5 (b) The Council and the Department shall include in the joint report:

6 (1) the total amount of incentives authorized during the preceding year
7 and the amount per business;

8 (2) with respect to each business with an approved application:

9 (A) the date and amount of authorization;

10 (B) the calendar year or years in which the authorization is expected
11 to be exercised;

12 (C) whether the authorization is active; ~~and~~

13 (D) the date the authorization will expire; ~~and~~

14 (E) the aggregate number of new qualifying jobs anticipated to be
15 created;

16 (F) Vermont gross wages and salaries for new qualifying jobs, sorted
17 by groups in \$25,000.00 increments;

18 (G) the aggregate amount of new full-time payroll anticipated to be
19 created; and

20 (H) NAICS code; and

21 (3) the following aggregate information for claims processed:

1 (A) the number of claims and incentive payments made in the current
2 and prior claim years;

3 (B) the number of qualifying jobs for each approved claim; and

4 (C) the amount of new payroll and capital investment for each
5 approved claim.

6 (c)(1) The Council and the Department shall present data and information in
7 the joint report in a searchable format.

8 (2) Notwithstanding a provision of this section to the contrary, when
9 reporting data and information pursuant to this section, the Council and
10 Department shall take steps necessary to avoid disclosing any information that
11 would enable the identification of an individual employee or the employee's
12 compensation.

13 (d) Notwithstanding any provision of law to the contrary, an incentive
14 awarded pursuant to this subchapter shall be treated as a tax expenditure for
15 purposes of chapter 5 of this title.

16 Sec. 4. 32 V.S.A. § 3341 is amended to read:

17 § 3341. CONFIDENTIALITY OF PROPRIETARY BUSINESS

18 INFORMATION

19 (a) The Vermont Economic Progress Council and the Department of Taxes
20 shall use measures to protect proprietary financial information, including
21 reporting information in an aggregate form.

1 (b) Information and materials submitted by a business concerning its
2 application, income taxes, and other confidential financial information shall
3 not be subject to public disclosure under the State’s public records law in
4 1 V.S.A. chapter 5, but shall be available to the Joint Fiscal Office or its agent
5 upon request of a legislative member of the Council or upon authorization of
6 the Joint Fiscal Committee or a standing committee of the General Assembly,
7 and shall also be available to the Auditor of Accounts in connection with the
8 performance of duties under section 163 of this title; provided, however, that
9 the Joint Fiscal Office or its agent and the Auditor of Accounts shall not
10 disclose, directly or indirectly, to any person any proprietary business
11 information or any information that would identify a business except in
12 accordance with a judicial order or as otherwise specifically provided by law.

13 (c) Nothing in this section shall be construed to prohibit the publication of
14 statistical information, rulings, determinations, reports, opinions, policies, or
15 other information so long as the data are disclosed in a form that cannot
16 identify or be associated with a particular business.

17 * * * Tax Increment Financing Districts * * *

18 Sec. 5. 24 V.S.A. § 1891 is amended to read:

19 § 1891. DEFINITIONS

20 ~~When~~ As used in this subchapter:

21 * * *

1 notes shall not be considered a first incurrence of debt pursuant to subsection
2 1894(a) of this subchapter.

3 * * *

4 (9) “Active district” means a district that has been created pursuant to
5 subsection 1892(a) of this subchapter, has not been terminated pursuant to
6 subsection 1894(a) of this subchapter, and has not retired all district financing
7 or related costs.

8 Sec. 6. 24 V.S.A. 1892 is amended to read:

9 § 1892. CREATION OF DISTRICT

10 * * *

11 ~~(d) The following municipalities have been authorized to use education tax~~
12 ~~increment financing for a tax increment financing district:~~

13 ~~(1) the City of Burlington, Downtown;~~

14 ~~(2) the City of Burlington, Waterfront;~~

15 ~~(3) the Town of Milton, North and South;~~

16 ~~(4) the City of Newport;~~

17 ~~(5) the City of Winooski;~~

18 ~~(6) the Town of Colchester;~~

19 ~~(7) the Town of Hartford;~~

20 ~~(8) the City of St. Albans;~~

21 ~~(9) the City of Barre;~~

1 (b) Boundary of the district. No adjustments to the physical boundary lines
2 of a district shall be made after the approval of a tax increment financing
3 district plan.

4 Sec. 8. 24 V.S.A. § 1896 is amended to read:

5 § 1896. TAX INCREMENTS

6 (a) In each year following the creation of the district, the listers or assessor
7 shall include ~~no~~ not more than the original taxable value of the real property in
8 the assessed valuation upon which the treasurer computes the rates of all taxes
9 levied by the municipality and every other taxing district in which the tax
10 increment financing district is situated; but the treasurer shall extend all rates
11 so determined against the entire assessed valuation of real property for that
12 year. In each year ~~for which the assessed valuation exceeds the original~~
13 ~~taxable value~~, the municipality shall hold apart, rather than remit to the taxing
14 districts, that proportion of all taxes paid that year on the real property in the
15 district ~~which~~ that the excess valuation bears to the total assessed valuation.

16 The amount held apart each year is the “tax increment” for that year. ~~No~~ Not
17 more than the percentages established pursuant to section 1894 of this
18 subchapter of the municipal and State education tax increments received with
19 respect to the district and committed for the payment for financing for
20 improvements and related costs shall be segregated by the municipality in a
21 special tax increment financing account and in its official books and records

1 until all capital indebtedness of the district has been fully paid. The final
2 payment shall be reported to the treasurer, who shall thereafter include the
3 entire assessed valuation of the district in the assessed valuations upon which
4 municipal and other tax rates are computed and extended and thereafter no
5 taxes from the district shall be deposited in the district's tax increment
6 financing account.

7 * * *

8 (e) In each year, a municipality shall remit not less than the aggregate tax
9 due on the original taxable value to the Education Fund.

10 Sec. 9. 32 V.S.A. § 5404a is amended to read:

11 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT

12 FINANCING DISTRICTS

13 (a) A tax agreement or exemption shall affect the education property tax
14 grand list of the municipality in which the property subject to the agreement is
15 located if the agreement or exemption is:

16 * * *

17 (b)(1) An agreement affecting the education property tax grand list defined
18 under subsection (a) of this section shall reduce the municipality's education
19 property tax liability under this chapter for the duration of the agreement or
20 exemption without extension or renewal, and for a maximum of 10 years. A
21 municipality's property tax liability under this chapter shall be reduced by any

1 difference between the amount of the education property taxes collected on the
2 subject property and the amount of education property taxes that would have
3 been collected on such property if its fair market value were taxed at the
4 equalized nonhomestead rate for the tax year.

5 (2) Notwithstanding any other provision of law, if a municipality has
6 entered into an agreement that reduces the municipality’s education property
7 tax liability under this chapter and the municipality establishes a tax increment
8 financing district under 24 V.S.A. chapter 53, subchapter 5, the municipality’s
9 municipal and education tax increment shall be calculated based on the
10 assessed value of the properties in the municipality’s grand list and not on the
11 stabilized value.

12 * * *

13 (f) A municipality that establishes a tax increment financing district under
14 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
15 contained within the district and apply not more than 70 percent of the State
16 education property tax increment, and not less than 85 percent of the municipal
17 property tax increment, to repayment of financing of the improvements and
18 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by
19 the Vermont Economic Progress Council pursuant to this section, subject to the
20 following:

1 (1) In a municipality with one or more approved districts, the Council
2 shall not approve an additional district until the municipality retires the debt
3 incurred for all of the districts in the municipality.

4 (2) The Council shall not approve ~~more than six districts in the State,~~
5 ~~and not~~ a district if it will result in the total number of active districts, as
6 defined in 24 V.S.A. § 1891(9), exceeding the limit set forth in 24 V.S.A.
7 § 1892(d) and shall not approve more than two per county, provided:

8 (A) ~~The districts listed in 24 V.S.A. § 1892(d) shall not be counted~~
9 ~~against the limits imposed in this subdivision (2).~~

10 ~~(B)~~ The Council shall consider complete applications in the order
11 they are submitted, except that if during any calendar month the Council
12 receives applications for more districts than are actually available in a county,
13 the Council shall evaluate each application and shall approve the application
14 that, in the Council’s discretion, best meets the economic development needs
15 of the county.

16 ~~(C)~~(B) If, while the General Assembly is not in session, the Council
17 receives applications for districts that would otherwise qualify for approval
18 but, if approved, would exceed the ~~six-district~~ 14 active-district limit in the
19 State, the Council shall make one or more presentations to the Emergency
20 Board concerning the applications, and the Emergency Board may, in its
21 discretion, increase the ~~six-district~~ 14 active-district limit.

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(j)(1) Authority to adopt rules. The Vermont Economic Progress Council is hereby granted authority to adopt rules in accordance with 3 V.S.A. chapter 25 for the purpose of providing clarification and detail for administering the provisions of 24 V.S.A. chapter 53, subchapter 5 and the tax increment financing district provisions of this section. A single rule shall be adopted for all tax increment financing districts that will provide further clarification for statutory construction and include a process whereby a municipality may distribute excess increment to the Education Fund as allowed under 24 V.S.A. § 1900. The rule shall not permit the Council to approve any substantial change request that results in a municipality needing to extend the period to incur debt or retain education property tax increment. From the date the rules are adopted, the municipalities with districts in existence prior to 2006 are required to abide by the governing rule and any other provisions of the law in force; provided, however, that the rule shall indicate which specific provisions are not applicable to those districts in existence prior to January 2006.

* * *

Sec. 10. VERMONT ECONOMIC PROGRESS COUNCIL; TAX
INCREMENT FINANCING DISTRICTS; RULE

(a) Pursuant to 32 V.S.A. § 5405(j), on or before October 1, 2024, the Vermont Economic Progress Council shall adopt an amended rule (Vermont

1 Economic Progress Council, Tax Increment Financing Districts Rule (CVR 11-
2 030-022)) to require that the Council shall only approve a municipality’s
3 substantial change request if approval does not result in the municipality
4 needing to extend the period to incur debt or retain education property tax
5 increment for its tax increment financing district.

6 (b) Prior to the amendment of the rule described in subsection (a) of this
7 section, the Vermont Economic Progress Council shall not approve a
8 municipality’s substantial change request if approval results in the municipality
9 needing to extend the period to incur debt or retain education property tax
10 increment for its tax increment financing district.

11 * * * Study of Vermont Economic Growth Incentives * * *

12 Sec. 11. ECONOMIC DEVELOPMENT INCENTIVES; STUDY

13 (a) Creation. There is created the Task Force on Economic Development
14 Incentives composed of the following five members:

15 (1) one member of the House Committee on Commerce and Economic
16 Development and one at-large member with experience in business and
17 economic development appointed by the Speaker of the House of
18 Representatives;

19 (2) one member of the Senate Committee on Economic Development,
20 Housing and General Affairs and one at-large member with experience in

1 business and economic development appointed by the Senate Committee on
2 Committees; and

3 (3) one at-large member appointed jointly by the Speaker of the House
4 of Representatives and the Senate Committee on Committees.

5 (b) Powers and duties. The Task Force shall conduct hearings, receive
6 testimony, and review and consider:

7 (1) the purpose and performance of current State-funded economic
8 development incentive programs; and

9 (2) models and features of economic development incentive programs
10 from other jurisdictions, including:

11 (A) the structure, management, and oversight features of the
12 program;

13 (B) the articulated purpose, goals, and benefits of the program, and
14 the basis of measuring success; and

15 (C) the mechanism for providing an economic incentive, whether
16 through a loan, grant, equity investment, or other approach.

17 (c) Assistance.

18 (1) The Task Force shall have the administrative, fiscal, and legal
19 assistance of the Office of Legislative Operations, the Joint Fiscal Office, and
20 the Office of Legislative Counsel.

1 (2) The Task Force may direct the Joint Fiscal Office to issue a request
2 for proposals and enter into one or more agreements for consulting services.

3 (d) Report. On or before January 15, 2024, the Task Force shall submit a
4 report to the House Committee on Commerce and Economic Development and
5 the Senate Committee on Economic Development, Housing and General
6 Affairs with its findings and any recommendations for legislative action,
7 including whether and how any proposed program addition, revision, or other
8 legislative action would:

9 (1) integrate with and further advance the current workforce
10 development and economic development systems in this State; and

11 (2) advance the four principles of economic development articulated in
12 10 V.S.A. § 3.

13 (e) Meetings.

14 (1) The member of the House Committee on Commerce and Economic
15 Development shall call the first meeting of the Task Force to occur on or
16 before September 1, 2023.

17 (2) The Committee shall select a chair from among its members at the
18 first meeting.

19 (3) A majority of the membership shall constitute a quorum.

20 (4) The Task Force shall cease to exist on January 15, 2024.

21 (f) Compensation and reimbursement.

1 (1) For attendance at meetings during adjournment of the General
2 Assembly, a legislative member of the Task Force serving in the member’s
3 capacity as a legislator shall be entitled to per diem compensation and
4 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six
5 meetings.

6 (2) Other members of the Task Force shall be entitled to per diem
7 compensation and reimbursement of expenses as permitted under 32 V.S.A.
8 § 1010 for not more than six meetings.

9 (g) Appropriation. The amount of \$250,000.00 is appropriated from the
10 General Fund in fiscal year 2024 for per diem compensation and
11 reimbursement of expenses for members of the Task Force and for consulting
12 services approved by the Task Force pursuant to this section.

13 * * * City of Barre Tax Increment Financing District * * *

14 Sec. 12. TAX INCREMENT FINANCING DISTRICT; CITY OF BARRE;
15 EXTENSION; INCREMENT

16 (a) Notwithstanding 2021 Acts and Resolves No. 73, Sec. 26a, amending
17 2020 Acts and Resolves No. 175, Sec. 29, or any other provision of law, the
18 authority of the City of Barre to incur indebtedness is hereby extended to
19 March 31, 2026.

1 (b) Notwithstanding any other provision of law, the authority of the City of
2 Barre to retain municipal and education tax increment is hereby extended until
3 December 31, 2039.

4 * * * Town of Hartford Tax Increment Financing District * * *

5 Sec. 13. 2020 Acts and Resolves No. 111, Sec. 1 is amended to read:

6 Sec. 1. TAX INCREMENT FINANCING DISTRICT; TOWN OF
7 HARTFORD

8 Notwithstanding any other provision of law, the authority of the Town of
9 Hartford to:

10 (1) incur indebtedness for its tax increment financing district is hereby
11 ~~extended for three years beginning on March 31, 2021. This extension does~~
12 ~~not extend any period that municipal or education tax increment may be~~
13 ~~retained~~ until March 31, 2026; and

14 (2) retain municipal and education tax increment is hereby extended
15 until December 31, 2036.

16 * * * Vermont Economic Growth Incentive; Sunset * * *

17 Sec. 14. 2016 Acts and Resolves No. 157, Sec. H.12, as amended by 2022

18 Acts and Resolves No. 164, Sec. 5, is further amended to read:

19 Sec. H.12. VEGI; REPEAL OF AUTHORITY TO AWARD
20 INCENTIVES

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Representative _____

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FOR THE COMMITTEE