House Proposal of Amendment

S. 37

An act relating to tax increment financing districts.

The House proposes to the Senate to amend the bill as follows:

First: By striking out Sec. 1 (resolution of tax increment financing district audit report issues) in its entirety and inserting in lieu thereof the following:

Sec. 1. RESOLUTION OF TAX INCREMENT FINANCING DISTRICT AUDIT REPORT ISSUES

(a) In 2011 and 2012, the State Auditor of Accounts performed and reported on required reviews and audits of all active tax increment financing districts. However, the tax increment financing laws currently lack a specific remedy to recover amounts identified in the Auditor's Reports or an enforcement mechanism to address issues identified in the Reports. The General Assembly seeks to address issues identified in the 2011 and 2012 Auditor's Reports by clarifying tax increment financing laws and specifying a process for future oversight and enforcement. Accordingly, it is the intent of the General Assembly not to address ongoing issues identified in the 2011 and 2012 Auditor's Reports but to leave those issues to be addressed through the rulemaking process, as described in Sec. 14 of this act. If the rule identifies issues that require corrective action on the part of one or more municipalities, then any identified underpayments to the Education Fund resulting from issues shall begin to accumulate upon the adoption date of the rule and be subject to the enforcement provisions in Sec. 14 of this act.

(b) In order to resolve any disputes over the amounts identified in the Auditor's Reports as owed to the Education Fund, the City of Burlington, the Town of Milton, and the City of Winooski shall, subject to the approval of their respective legislative bodies, pay the State according to the schedule set out in subsection (c) of this section. The General Assembly considers these payments as final settlement of outstanding sums identified as owed to the Education Fund during the period covered by the 2012 Auditor's Reports.

(c) The municipalities with active tax increment financing districts that were audited by the State Auditor in 2012 have entered into the following agreements with the State:

(1) The City of Burlington shall remit the amount of $200,000.00 to the Education Fund in equal installments over a five-year period beginning December 15, 2013 from incremental tax revenues not otherwise dedicated to the repayment of the district's debt obligations.

(2) The Town of Milton shall remit funds as follows:

(A) $22,000.00 to the Education Fund in equal installments over a two-year period beginning December 15, 2013 from municipal revenues other than municipal tax increment dedicated to the repayment of tax increment financing debt;

(B) $160,000.00 to the Catamount Husky Tax Increment Fund in equal installments over a five-year period beginning December 15, 2013 from municipal nonincrement revenues; and

(C) $17,000.00 to the Catamount Husky Tax Increment Fund for the repayment of debt from the Town Core Tax Increment Financing Fund by no later than December 15, 2013.

(3) The City of Winooski shall remit funds as follows:

(A) the amount of $1,300.00 to the Education Fund from municipal nonincrement revenues by July 1, 2013; and

(B) $62,000.00 to the Tax Increment Financing Fund from municipal nonincremental revenues in equal installments over a five-year period beginning December 15, 2013.

(d) If the legislative body of a municipality with an active tax increment financing district that was audited by the State Auditor in 2012 does not approve the payments described in subsection (c) of this section, then the General Assembly shall consider any amounts identified as owed to the Education Fund during the period covered by the 2012 Auditor's Reports to remain outstanding.

(e) If a municipality does not begin payment of the amounts identified in subsection (c) of this section within 60 days of the scheduled payment date or owes outstanding amounts to the Education Fund, as described in subsection (d) of this section, amounts identified as owed to the State may be withheld from any funds otherwise payable by the State to the municipality or a school district in the municipality or of which the municipality is a member.

Second: In Sec. 3, 24 V.S.A. § 1892, by striking subdivisions (d)(8) and (9) and inserting in lieu thereof the following:

(8) the City of St. Albans;

(9) the City of Barre; and

(10) the Town of Milton, Town Core.

Third: In Sec. 4, 24 V.S.A. § 1894, by striking subsection (a) in its entirety and inserting in lieu thereof the following:

(a) Incurring indebtedness.

(1) A municipality ~~may incur indebtedness against revenues of the tax increment financing district at any time during a period of up to 20 years~~

~~following the creation of the district, if approved as required under 32 V.S.A. § 5404a(h). The creation of the district shall occur at 12:01 a.m. on April 1 of the year so voted. Any indebtedness incurred during this 20-year period may be retired over any period authorized by the legislative body of the municipality under section 1898 of this title.~~

~~(2) If no indebtedness is incurred within the first five years after creation of the district, no indebtedness may be incurred unless the municipality obtains reapproval from the Vermont economic progress council under 32 V.S.A. § 5404a(h). When considering reapproval, the Vermont economic progress council shall consider only material changes in the application under 32 V.S.A. § 5404a(h). The Vermont economic progress council shall presume that an applicant qualifies for reapproval upon a showing that the inability of the district to incur indebtedness was the result of the macro-economic conditions in the first five years after the creation of the district. Upon reapproval, the Vermont economic progress council shall grant a five-year extension of the period to incur indebtedness.~~

~~(3) The district shall continue until the date and hour the indebtedness is retired.~~ approved under 32 V.S.A. § 5404a(h) may incur indebtedness against revenues of the tax increment financing district at any time during a period of up to five years following the creation of the district. If no debt is incurred during this five-year period, the district shall terminate, unless the Vermont Economic Progress Council grants an extension to a municipality pursuant to subsection (d) of this section. However, if any indebtedness is incurred within the first five years after the creation of the district, then the district has a total of ten years after the creation of the district to incur any additional debt.

(2) Any indebtedness incurred under subdivision (1) of this subsection may be retired over any period authorized by the legislative body of the municipality.

(3) The district shall continue until the date and hour the indebtedness is retired or, if no debt is incurred, five years following the creation of the district.

Fourth: In Sec. 4, 24 V.S.A. § 1894, in subsection (b), by striking the words "first ten years" and inserting in lieu thereof "period permitted under subdivision (a)(1) of this section"

Fifth: In Sec. 4, 24 V.S.A. § 1894, in subsection (c), by striking the words "first ten years" and inserting in lieu thereof "period permitted under subdivision (a)(1) of this section"

Sixth: In Sec. 4, 24 V.S.A. § 1894, in subsection (d), after the final sentence by adding the following:

If no indebtedness is incurred within five years after the creation of the district, the municipality may submit an updated executive summary of the tax increment financing district plan and an updated tax increment financing plan to the Council to obtain approval for a five-year extension of the period to incur indebtedness; provided, however, that the updated plan is submitted prior to the five-year termination date of the district. The Council shall review the updated tax increment financing plan to determine whether the plan has continued viability and consistency with the approved tax increment financing plan. Upon approval of the updated tax increment financing plan, the Council shall grant an extension of the period to incur indebtedness of no more than five years. The submission of an updated tax increment financing plan as provided in this subsection shall operate as a stay of the termination of the district until the Council has determined whether to approve the plan.

Seventh: By adding a new Sec. 12a, after Sec. 12, to read as follows:

Sec. 12a. 32 V.S.A. § 5404a is amended to read:

§ 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT FINANCING DISTRICTS

* * *

(h) Criteria for approval. To approve utilization of incremental revenues pursuant to subsection (f) of this section, the Vermont ~~economic progress council~~ Economic Progress Council shall do all the following:

(1) Review each application to determine that the new real property development would not have occurred or would have occurred in a significantly different and less desirable manner but for the proposed utilization of the incremental tax revenues. ~~A district created in a designated growth center under 24 V.S.A. § 2793c shall be deemed to have complied with this subdivision.~~ The review shall take into account:

* * *

Eighth: In Sec. 14, 32 V.S.A. § 5404a(j), by inserting in subdivision (4) before the words "In lieu of" the words "Referral; Attorney General." and by striking out subdivision (5) in its entirety and inserting a new subdivision (5) in lieu thereof to read as follows:

(5) Appeal; hearing officer.

A hearing that is held pursuant to this subsection shall be subject to the provisions of 3 V.S.A. chapter 25 relating to contested cases. The hearing shall be conducted by the Secretary or by a hearing officer appointed by the Secretary. If a hearing is conducted by a hearing officer, the hearing officer shall have all authority to conduct the hearing that is provided for in the applicable contested case provisions of 3 V.S.A. chapter 25, including issuing

findings of fact, hearing evidence, and compelling, by subpoena, the attendance and testimony of witnesses.

Ninth: By striking Sec. 19, amending 3 V.S.A. § 816(a), in its entirety and inserting in lieu thereof the following:

Sec. 19. 23 V.S.A. § 3106(a)(2) is amended to read:

(2) For the purposes of subdivision (1)(B) of this subsection, the tax-adjusted retail price applicable for a quarter shall be the average of the ~~monthly~~ retail ~~prices~~ price for regular gasoline determined and published by the Department of Public Service for each of the three months of the preceding quarter~~. The tax-adjusted retail price applicable for a quarter shall be the retail price exclusive of all~~ after all federal and state taxes and assessments, and after the petroleum distributor licensing fee established by 10 V.S.A. § 1942, ~~at the rates~~ applicable in ~~the preceding quarter~~ each month have been subtracted from that month's retail price.

Tenth: By striking Sec. 20, 2011 and 2012 Auditor's Reports; Payment, in its entirety and inserting in lieu thereof the following:

Sec. 20. 2013 Acts and Resolves No. 12, Sec. 24 is amended to read:

Sec. 24. ~~MOTOR~~ FUEL ~~ASSESSMENTS~~ TAX ASSESSMENT: MAY 1, 2013–SEPTEMBER 30, 2013

Notwithstanding the provisions of 23 V.S.A. § ~~3106(a)(1)(B)~~ 3106(a)(1)(B)(ii) and 3106(a)(2), from May 1, 2013 through September 30, 2013, the ~~motor fuel transportation infrastructure assessment required under 23 V.S.A. § 3106(a)(1)(B)(i) shall be $0.0656 per gallon, and the~~ fuel tax assessment required under 23 V.S.A. § 3106(a)(1)(B)(ii) shall be $0.067 per gallon.

Eleventh: By striking Sec. 22 in its entirety and inserting in lieu thereof the following:

Sec. 22. 21 V.S.A. § 1325 is amended to read:

§ 1325. EMPLOYERS' EXPERIENCE-RATING RECORDS; DISCLOSURE TO SUCCESSOR ENTITY~~; EMPLOYEE PAID $1,000.00 OR LESS DURING BASE PERIOD~~

(a)(1) The ~~commissioner~~ Commissioner shall maintain an experience-rating record for each employer. Benefits paid shall be charged against the experience-rating record of each subject employer who provided base-period wages to the eligible individual. Each subject employer's experience-rating charge shall bear the same ratio to total benefits paid as the total base-period wages paid by that employer bear to the total base-period wages paid to the individual by all base-period employers. The experience-rating record of an individual subject base-period employer shall

not be charged for benefits paid to an individual under any of the following conditions:

~~(1)~~(A) The individual's employment with that employer was terminated under disqualifying circumstances.

~~(2)~~(B) The individual's employment or right to reemployment with that employer was terminated by retirement of the individual pursuant to a retirement or lump-sum retirement pay plan under which the age of mandatory retirement was agreed upon by the employer and its employees or by the bargaining agent representing those employees.

~~(3)~~(C) As of the date on which the individual filed an initial claim for benefits, the individual's employment with that employer had not been terminated or reduced in hours.

~~(4)~~(D) The individual was employed by that employer as a result of another employee taking leave under subchapter 4A of chapter 5 of this title, and the individual's employment was terminated as a result of the reinstatement of the other employee under subchapter 4A of chapter 5 of this title.

~~(5)~~(E) [Repealed.]

(2) If an individual's unemployment is directly caused by a major natural disaster declared by the President of the United States pursuant to 42 U.S.C. § 5122 and the individual would have been eligible for federal disaster unemployment assistance benefits but for the receipt of regular benefits, an employer shall be relieved of charges for benefits paid to the individual with respect to any week of unemployment occurring due to the natural disaster up to a maximum amount of four weeks.

* * *

Twelfth: By adding a new Sec. 23, after Sec. 22, to read as follows:

Sec. 23. UNEMPLOYMENT COMPENSATION; EMPLOYERS AFFECTED BY NATURAL DISASTERS OCCURRING IN 2011

(a) The Department of Labor shall establish a system to provide unemployment compensation tax relief to employers paying a higher rate of contributions due to layoffs directly caused by federally declared natural disasters occurring in 2011.

(b) Unemployment compensation tax relief shall be available to an employer provided that the employer's employees were separated from employment as a direct result of the disaster. Benefits paid beyond eight weeks shall remain chargeable to the employer.

(c) The relief described in subsection (b) of this section shall not be available to employers electing to make payments in lieu of contributions pursuant to 21 V.S.A. § 1321.

(d) Benefit charge relief provided under subsections (a) and (b) of this section shall not result in the recalculation of previously assigned rate classes for nondisaster-impacted employers.

(e) The Department shall notify employers in the counties covered by the federal disaster relief declaration of the provisions of this section. An employer seeking relief shall apply to the Department within 20 days of notification by the Department. The application shall be made in a manner prescribed and approved by the Commissioner and shall be accompanied by a certified statement of the employer that the employees were separated from employment as a direct result of the disaster and would have not been otherwise. False statements made in connection with the certification shall subject the employer to the provisions of 21 V.S.A. § 1369. The employer shall provide the Department with the name, address, last known phone number, and social security number of each employee alleged to have been separated from employment as a result of the disaster.

(f) If an employer's application for relief is denied, the employer may appeal the decision pursuant to 21 V.S.A. §§ 1348 and 1349.

Thirteenth: By adding a new Sec. 24, after Sec. 23, to read as follows:

Sec. 24. APPROPRIATION

Of the appropriations made to the Department of Labor in Sec. B.400 of House Bill 530 (An act relating to making appropriations for the support of government), the amount of $60,000.00 is appropriated for the costs of postage and for hiring temporary positions necessary to implement the unemployment compensation tax relief program described in Sec. 23 of this act.

Fourteenth: By adding a new Sec. 25, after Sec. 24, to read as follows:

Sec. 25. EFFECTIVE DATES

(a) Secs. 1, 6(b), 10, 12a–24, and this section shall take effect on passage. Sec. 6(b) (repeal of adjustment upon reappraisal) shall be effective retroactive to July 2006.

(b) Secs. 2 through 9 (except Sec. 6(b)), 11, and 12 (clarification of ambiguous statutes) of this act shall apply to any tax increment retained for all taxes assessed on the April 1, 2013 grand list.

(c) Sec. 6(c) (creation of taxes for special purposes) shall take effect on July 1, 2013.