



Vermont Economic Progress Council
Department of Economic Development

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*Agency of Commerce and
Community Development*

December 18, 2013

House Committee on Commerce
House Committee on Ways and Means
Senate Committee on Economic Development
Senate Committee on Finance
Montpelier, Vermont 05633

Dear Committee Members:

This letter is to provide information on the steps taken to implement certain sections of Act 80 (2013), an act relating to Tax Increment Financing Districts, primarily the payment requirements contained in Section 1 of that Act.

Section 1 of Act 80 required the City of Burlington, the City of Winooski, and the Town of Milton to take certain steps to resolve the disputes over amounts identified in 2011 and 2012 Audit reports as owed to the Education Fund.

To implement this section, on August 12, 2013, VEPC notified the municipalities of the requirements, reminded them of the payment and transfer dates, provided each municipality with the information required to make the payments to the Education Fund by electronic transfer, and provided the municipalities with forms to file with VEPC as notification that the payment or transfer has been made. For the transfers, the forms include a certification signed by the municipality to certify that the source of the funds complies with the requirements of Act 80.

Attached for your information is a list showing the steps required by statute and administratively by VEPC to carry out Section 1 of Act 80. The municipalities have generally complied with these requirements and most met the deadlines set by VEPC and statute. VEPC certifies that the payments to the Education Fund and the inter-fund transfers required by Section 1 of Act 80 for 2013 have been made.

In addition to the requirements contained in Section 1, VEPC has also taken steps to carry out or prepare for the implementation of other sections of Act 80. In summary:

- VEPC required each municipality with an active TIF District to assign a “Single Point of Contact” (SPOC) with VEPC on TIF matters. This will help avoid miscommunication between municipal entities and between the municipality and the State, one cause of some issues identified by the 2011 and 2012 Audit reports.



- VEPC required all communication between the municipality and VEPC to be in writing (including email). While telephone and face-to-face conversations can and will continue, they must be followed by a written request or explanation to which VEPC will respond in writing. Again, this process ensures a paper trail, helps avoid issues in the future regarding recall of decisions or guidance, and creates a record of communications between individuals who may not be in the same positions when questions arise in future years.
- To fill VEPC's one administrative position, which became vacant in May 2013, the position was upgraded to a Grants Management Specialist (GMS) and the position was filled with a person with grant oversight and monitoring skills. She started in September 2013 and we have toured all TIF Districts and introduced her to municipal officials, PVR personnel, and discussed oversight and monitoring with the State Auditor's Office. After completion of training and a learning curve for all VEPC programs, and adoption of the TIF District rule, this staff person will be assigned oversight and monitoring of TIF Districts.
- VEPC formed a TIF District rule working group that includes two VEPC Board members, ACCD General Counsel, representatives from the Department of Taxes (PVR and Attorney General), the State Auditor's Office, the League of Cities and Towns, and most of the municipalities with active TIF Districts. This group continues to meet at least monthly to draft a TIF District rule, as required by Section 14 of Act 80. We expect to have a draft for approval by the VEPC Board and the Secretary of Commerce by spring 2014 and submittal to ICAR/LCAR immediately thereafter.
- VEPC Staff has held several meetings with Department of Taxes/PVR personnel to ensure consistency on behalf of the State when communicating with the TIF municipalities. We are also planning workshops for early 2014 to train municipalities on recordkeeping, information tracking, and TIF reporting.
- VEPC staff has met several times with the Secretary and General Counsel of the Agency of Commerce to work through the details of the authority to issue decisions regarding TIF Districts as contained in Section 14(2) of Act 80.

We believe these steps and the rule, when completed, will greatly improve the successful implementation of TIF Districts in Vermont and will mean far fewer negative findings in future audits. The rule drafting process has suggested a few technical and some substantive statutory changes that may be required to properly carry out Act 80 and the underlying TIF District statute. VEPC will provide suggested language to the Commerce Secretary and your committees as early as possible for consideration during the 2014 legislative session.

Please contact me with any questions or concerns regarding this information and the TIF District program.

Sincerely,



Fred Kenney
Executive Director

Attachment

MUNICIPAL COMPLIANCE WITH SECTION 1 OF ACT 80					
STEP	REQUIRED BY	DEADLINE	BURLINGTON	WINOOSKI	MILTON
Submit Completed Elec. Transfer form to VEPC	Administrative	September 2, 2013	September 11, 2013	N/A (See Footnote #1)	September 11, 2013
Obtain approval by municipal legislative body to make payments	Act 80 Sec. 1(b) and (d)	N/A	September 23, 2013	June 28, 2013	December 16, 2013
Submit to VEPC evidence that municipal legislative body has approved payments or will not approve payments	Administrative	September 30, 2013	September 27, 2013	October 1, 2013	December 17, 2013
Winooski: Remit \$1,300 to Education Fund	Act 80 Sec.1(c)(3)(A)	July 1, 2013	N/A	June 27, 2013	N/A
Winooski: Transfer \$12,400 to Winooski TIF Fund	Act 80 Sec. 1(c)(3)(B)	December 15, 2013	N/A	November 12, 2013 (See Footnote #2)	N/A
Burlington: Remit \$40,000 to Education Fund	Act 80 Sec 1(c)(1)	December 15, 2013	December 10, 2013	N/A	N/A
Milton: Remit \$11,000 to Education Fund	Act 80 Sec. 1(c)(2)(A)	December 15, 2013	N/A	N/A	December 17, 2013
Milton: Transfer \$32,000 to Catamount/Husky TIF Fund	Act 80 Sec. 1(c)(2)(B)	December 15, 2013	N/A	N/A	December 17, 2013
Milton: Transfer \$17,000 to Catamount/Husky TIF Fund	Act 80 Sec. 1(c)(2)(C)	December 15, 2013	N/A	N/A	December 17, 2013
FOOTNOTES:					
1. No ACH form required because the only required payment to Education Fund was already made on July 1, 2013.					
2. Winooski actually transferred \$62,000, which represents entire amount required to be transferred, rather than making 5 annual transfers of \$12,400.					
PREPARED BY VERMONT ECONOMIC PROGRESS COUNCIL 12/18/2013					