



**Senate Economic Development, Housing and General Affairs
January 31, 2014**

**S. 220 – Proposal to Add Enterprise Zones
*Vermont League of Cities and Towns Testimony***

Thank you for the opportunity to testify. Local officials support the concept of enterprise zones and providing places with infrastructure for industrial and heavy commercial uses in which businesses may locate and thrive. We welcome the attention to growth, flexible economic development options, and jobs in this initiative and hope the legislation will allow for both an active role and leadership by local officials.

Frequently, industrial or heavy commercial uses are not welcome in downtowns or adjacent to residential areas. Many of those uses are however, necessary to our way of life, and many of those enterprises contribute well-paying jobs to Vermont's economy. Recycling processing facilities, aerospace and aviation industries, public transit bus garages, wood processing and manufacturing enterprises or businesses that rely on large truck transportation at odd hours of the day or night are only a few examples of those kinds of uses that will substantially benefit the economy but that are not necessarily welcomed as immediate neighbors in thickly settled areas.

Vermont municipalities seek to balance their sense of place, their compact settlement areas and the conservation of natural resources with the need for growth and development that supports the economic vitality of downtowns, village centers and Vermont's six growth centers, as well as value-added industry that provide jobs for Vermonters. These efforts are reflected in their comprehensive land use plans, established industrial and commercial parks and Tax Increment Financing Districts. Despite years of discussing the types of development left out of the state's designation programs and urging expansion to accommodate industrial uses, neither the law, the description of smart growth principles, nor H.809, introduced in the House, refers to development such as industrial parks, commercial parks, or enterprise zones.

We support the effort of the Senate Economic Development, Housing and General Affairs Committee to acknowledge the need for areas that may be incompatible with existing mixed uses by providing for creation of enterprise zones that would be

eligible for funds to promote development and include lands for business or industrial use.

As drafted Senator Baruth's amendment to S. 220, upon approval by the Commissioner of Housing and Community Development, a regional commission could designate a Vermont Enterprise Zone. We suggest that this turns the Vermont tradition of locally based planning on its head. We urge you to provide for one or more municipalities in cooperation with the regional commission to designate a Vermont Enterprise zone in their plans. At the point of seeking state funding, tax credits or an official designation (possibly from a new Agency of Economic Development according to a few bills that have been introduced), the state would have the option of approving the enterprise zone. This is, in fact how it works now with the designation programs for downtowns, village centers and growth centers. They are initially conceived at the local level.

As drafted, the enterprise zone would have boundaries zoned for industrial or business use as of January 2010 and be included in municipal plans; include connections to infrastructure and designated areas; and have access to loans and assistance from the Vermont Economic Development Authority and financing of up to 50 percent of site acquisition and infrastructure development costs from the Department of Housing and Community Development through grants, loans, or other mechanisms.

We urge you to delete the requirement that zones be in place by January 2010. If we are encouraging high tech, heavy commercial or industrial enterprises here, we must be able to plan for them looking forward and not just looking backwards.

We are happy to work with the committee to develop legislation that would enable the thoughtful creation of enterprise zones.

*Karen Horn, Director
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