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Interesting idea and grateful for work put into development of the bill.

Want to share some concerns, which are based on 15 years of experience with the current Tax Increment Financing District Program.

- Redundant if cap on TIFs is eliminated
  - TIF supports housing
  - All current TIFs involve housing development

<b>PROJECTED NEW HOUSING UNITS IN ACTIVE TIF DISTRICTS</b>	
<b>District</b>	<b>Projected Housing Units*</b>
Burlington Waterfront	363
Winooski Downtown	523
Milton North/South	0
Milton Town Core	450
Burlington Downtown	105
Hartford Downtown	188
St Albans City Downtown	70
Barre City Downtown	16
So. Burlington City Center	812
<b>TOTAL</b>	<b>2527</b>
*Actual to Date and Projected in 20-Year TIF District Plans	

- Capacity issue:
  - Does not exist at VEPC, ACCD, or in any organization, to set up an application and approval process for 5 projects.
  - From a cost-benefit perspective, the amount of time and resources required to stand up an application, an application process, approval documentation, plus post-approval follow-up, monitoring and oversight, is far too high to justify for five projects.

- Conceptual issues:
  - No But For: Unlike regular TIF Districts, as structured this would represent a cost because there is no determination of whether the projects would occur anyway, without the financing tool.
  - No separation of private and public costs: Unlike regular TIFs, any infrastructure costs can be financed using the property tax increment, including the costs incurred by the developer.
  - No Retention Period: Unlike regular TIFs, which are limited to 20 years to retain the property tax increment, the proposal has no limit.
  - No oversight and monitoring: VEPC, PVR, municipal auditors, and the State Auditor have roles to play in oversight and monitoring of regular TIF Districts.
  
- Technical issues:
  - Sec.1(a)(1): The definition of “improvements” does not specify “public” improvements.
    - This definition can be interpreted to mean that any improvements that meet the definition are eligible, whether they are or become “public” (i.e. owned by the municipality for use by the public) or are costs incurred by the developer.
    - Current TIF statute only allows the debt to be repaid by incremental property tax revenue to be debt incurred by the municipality for public infrastructure. If the intention of the bill is to allow “comingling” of improvements, this raises several questions:
      - Are only public portion of improvements eligible or all, including developer costs? For example, if the project involves a new sewer line, is just the mainline owned by the municipality eligible or are the connections to the homes also eligible?
      - Can developer cover all infrastructure costs up front and then get reimbursed for what becomes public after municipality incurs debt?
      - Does the developer incur debt to start the project or is debt incurred only by the municipality eligible?
      - If all improvements are eligible (both public and developer/private), how is the debt structured? Would require two bonds: taxable and non-taxable.
  
  - Sec.1(a)(3): The definition of “related costs” allows “direct municipal expenses such as departmental or personnel costs.”
    - This is the opposite of current TIF statute.
    - How will these costs be attributed to the housing project versus normal departmental operations?

- Sec.1(b): Suggest that projects not be eligible if within existing active TIF Districts.
  - The municipality already has the ability to pay for infrastructure needed for housing using the existing TIF tool.
- Sec. 2(b)(2)(D): What is the purpose of the “analysis of the ability to repay the debt?”
  - Is this meant to show that the municipality does not have the ability to just bond for the housing infrastructure using conventional means?
  - Or is it to determine that the incremental revenues, as defined by Sec 2.(e) are sufficient to cover the infrastructure debt and related costs?
  - If the former, and the analysis shows the municipality could carry the debt using conventional methods, what happens? If the latter and the analysis shows there is not sufficient revenue generated, what happens?
- Sec. 2(c)(1): What does the term “necessary housing” mean?
  - How would that be determined?
- Sec 2(c) generally: What process is contemplated for Board consideration of applications: first in, first out? One competitive round? Either way, clearer direction should be provided as to what projects should be considered as eligible.
- Sec. 2(c)(3): related to above comment: If a municipality with an approved project does not incur debt within one year, what is considered “good cause.” And if debt is not incurred after 2 years, what happens? Is the project cancelled. Can another project take its place in the limitation of 5 projects?
- Sec. 2(d): The 20-year limitation is misplaced in this section.
  - Why limit the life of the Workforce Housing District.
  - The municipality should be allowed to determine the best terms of the bond. Some are likely to be 30 year bonds.
  - The 20-year limitation (or whatever time limitation is selected) should be on the number of years the municipality is allowed to retain the increment, deposit it in the TIF account and use to finance the TIF debt.
  - Under current law, increment can be retained for 20 years, but used for as long as is necessary to pay the debt; then the excess is returned. “Retained” here means keeping the increment to pay debt instead of remitting to the Education Fund or municipal general fund.
  - Even if the 20-year period is kept in this section to limit the life of the District, a year limitation needs to be added to Sec 2.(e)(3) otherwise there is no limit to the number of years the increment can be retained. Just to be clear, in current TIF law, the use of the term “retention period” does not refer to how long the funds are kept in the fund that pays the TIF debt, it is how many years the increment can be directed to the TIF fund instead of the Ed Fund (or the municipal general fund in the case of municipal increment).