

1
2
3
4
5
6
7
8
9
10

11
12
13
14
15
16
17
18
19
20

S.99

Introduced by Committee on Economic Development, Housing and General
Affairs

Date:

Subject: Commerce and trade; economic development; tax increment financing

Statement of purpose of bill as introduced: This bill proposes to authorize the Vermont Economic Progress Council to approve ~~up to two tax~~ increment financing districts ~~per county in municipalities that do not currently have indebtedness for a district~~, subject to certain limitations and changes to the program, ~~for a seven year period~~.

An act relating to authorizing additional tax increment financing districts

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 24 V.S.A. chapter 53, subchapter 5 is amended to read:

Subchapter 5. Tax Increment Financing

* * *

§ 1892. CREATION OF DISTRICT

* * *

(d) The following municipalities have been authorized to use education tax increment financing for a tax increment financing district, ~~and the Vermont Economic Progress Council is not authorized to approve any additional tax~~

1 ~~increment financing districts even if one of the districts named in this~~
2 ~~subsection is terminated pursuant to subsection 1894(a) of this subchapter:~~

3 (1) the City of Burlington, Downtown;

4 (2) the City of Burlington, Waterfront;

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

6 (4) the City of Newport;

7 (5) the City of Winooski;

8 (6) the Town of Colchester;

9 (7) the Town of Hartford;

10 (8) the City of St. Albans;

11 (9) the City of Barre; ~~and~~

12 (10) the Town of Milton, Town Core; and

13 (11) the City of South Burlington, New Town Center.

14 * * *

15 § 1894. POWER AND LIFE OF DISTRICT

16 * * *

17 (c) Use of the municipal property tax increment. For only debt incurred
18 within the period permitted under subdivision (a)(1) of this section after
19 creation of the district, and related costs, not less than an equal share ~~plus five~~
20 ~~percent~~ of the municipal tax increment pursuant to subsection (f) of this section

1 shall be retained to service the debt, beginning the first year in which debt is
2 incurred, pursuant to subsection (b) of this section.

3 * * *

4 (f) Equal share required. If any tax increment utilization is approved
5 pursuant to 32 V.S.A. § 5404a(h), no more than 75 percent of the State
6 property tax increment and no less than an equal percent, ~~plus five percent~~, of
7 the municipal tax increment may be approved by the Council or used by the
8 municipality to service this debt.

9 * * *

10 Sec. 2. 32 V.S.A. § 5404a is amended to read:

11 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
12 FINANCING DISTRICTS

13 * * *

14 (f) A municipality that establishes a tax increment financing district under
15 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
16 contained within the district and apply up to 75 percent of the State education
17 property tax increment, and not less than an equal share plus five percent of the
18 municipal tax increment, as defined in 24 V.S.A. § 1896, to repayment of
19 financing of the improvements and related costs for up to 20 years pursuant to
20 24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council
21 pursuant to this section, ~~subject to the 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 two districts in a single~~
5 ~~county, provided:~~

6 ~~(A) For purposes of this subdivision (2), the districts listed in~~
7 ~~24 V.S.A. § 1892(d) shall not be counted against the two-district limit for a~~
8 ~~county.~~

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

15 ~~(C)(i) A municipality shall immediately notify the Council if it~~
16 ~~resolves not to incur debt for an approved district within five years of approval~~
17 ~~or a five-year extension period as required in 24 V.S.A. § 1894.~~

18 ~~(ii) Upon receiving notification pursuant to subdivision (2)(C)(i)~~
19 ~~of this subsection, the Council shall terminate the district and may approve a~~
20 ~~new district, subject to the provisions of this section and 24 V.S.A. chapter 53,~~
21 ~~subchapter 5.~~

1 paid to the education fund; the percentage that shall be paid to the
2 municipality; and the percentage of the revenue paid to the municipality that
3 shall be used to pay financing incurred for development of the tax increment
4 financing district.

5 (2) Process requirements. Determine that each application meets all of
6 the following four requirements:

7 (A) The municipality held public hearings and established a tax
8 increment financing district in accordance with 24 V.S.A. §§ 1891-1900.

9 (B) The municipality has developed a tax increment financing district
10 plan, including: a project description; a development financing plan; a pro
11 forma projection of expected costs; a projection of revenues; a statement and
12 demonstration that the project would not proceed without the allocation of a
13 tax increment; evidence that the municipality is actively seeking or has
14 obtained other sources of funding and investment; and a development schedule
15 that includes a list, a cost estimate, and a schedule for public improvements
16 and projected private development to occur as a result of the improvements.

17 (C) The municipality has approved or pledged the utilization of
18 incremental municipal tax revenues for purposes of the district in the same
19 proportion as the utilization of education property tax revenues approved by
20 the Vermont Economic Progress Council for the tax increment financing
21 district.

1 (D) The proposed infrastructure improvements and the projected
2 development or redevelopment are compatible with approved municipal and
3 regional development plans, and the project has clear local and regional
4 significance for employment, housing, and transportation improvements.

5 (3) Location criteria. Determine that each application meets one of the
6 following criteria:

7 (A) The development or redevelopment is compact, high density, and
8 located in or near existing industrial areas.

9 (B) The proposed district is within an approved growth center,
10 designated downtown, designated village center, ~~or~~ new town center, or
11 neighborhood development area.

12 (C) The development will occur in an area that is economically
13 distressed, which for the purposes of this subdivision means that the ~~area~~
14 municipality within which the area is located has: ~~has experienced patterns of:~~

15 (i) median family income 80% or less of the statewide median
16 family income as reported by the Vermont Department of Taxes for the
17 most recent year for which data is available; or

18 (ii) an annual average unemployment rate that is at least one
19 percentage point greater than the latest annual average statewide rate as
20 reported by the Vermont Department of Labor; or

1 (iii) a median sales price for residential properties under six
2 acres 80% or less than the statewide median sales price for residential
3 properties under six acres as reported by the Vermont Department of
4 Taxes.

5 ~~(i) increasing unemployment, a drop in;~~

6 ~~(ii) decreasing average wages; or~~

7 ~~(iii) a decline in declining real property values.~~

8 (4) Project criteria. Determine that the proposed development within a
9 tax increment financing district will accomplish at least ~~three~~ two- three of the
10 following ~~five~~ four-six criteria:

11 (A) ~~The development within the tax increment financing district~~
12 ~~clearly requires substantial public investment over and above the normal~~
13 ~~municipal operating or bonded debt expenditures.~~

14 (B) The development includes new or rehabilitated affordable
15 housing that is affordable to the majority of the residents living within the
16 municipality and is developed at a higher density than at the time of
17 application. “Affordable” has the same meaning as in 10 V.S.A. § 6001(29),
18 as defined in 24 V.S.A. § 4303.

19 (C)(B) The project will affect the remediation and redevelopment of
20 a brownfield located within the district. As used in this section, “brownfield”
21 means an area in which a hazardous substance, pollutant, or contaminant is or

1 may be present, and that situation is likely to complicate the expansion,
2 development, redevelopment, or reuse of the property.

3 ~~(D)~~(C) The development will include at least one entirely new
4 business or business operation or expansion of an existing business within the
5 district, and this business will provide new, quality, full-time jobs that meet or
6 exceed the prevailing wage for the region as reported by the department of
7 labor.

8 ~~(E)~~(D) The development will enhance transportation by creating
9 improved traffic patterns and flow or creating or improving public
10 transportation systems.

11 (E) The development will foster revitalization of an approved growth
12 center, designated downtown, designated village center, new town center, or
13 neighborhood development area.

14 (F) The development includes creation or expansion of a business
15 incubator, maker space, innovation center or rural hub.

16
17 * * *

18 Sec. 3. IMPLEMENTATION

19 The provisions of this act shall apply only to tax increment financing
20 district applications filed, and districts approved, on or after July 1, 2017the
21 effective date.

- 1 Sec. 4. EFFECTIVE DATE
- 2 This act shall take effect on passage.