

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 100  
3 entitled “An act relating to promoting affordable and sustainable housing”  
4 respectfully reports that it has considered the same and recommends that the  
5 bill be amended by striking out all after the enacting clause and inserting in  
6 lieu thereof the following:

7 \* \* \* Housing Help Surcharge; Housing Bond \* \* \*

8 Sec. 1. VERMONT HOUSING AND CONSERVATION BOARD;

9 HOUSING FOR ALL

10 (a) Findings and purpose.

11 (1) The General Assembly finds that investments are needed to help  
12 house the most vulnerable as well as creating more homes for workers.

13 (2) The shortage of affordable and available homes has been highlighted  
14 recently by:

15 (A) the Vermont Futures Project of the Vermont Chamber of  
16 Commerce, which set a growth target of 5,000 new and improved housing  
17 units annually;

18 (B) a national consultant’s recommendations for a Roadmap to End  
19 Homelessness, which calls for 368 new units for permanent supportive housing  
20 and 1,251 new homes affordable at 30 percent of median or below over the  
21 next five years; and

1           (C) the 2015 statewide housing needs assessment by Bowen National  
2           Research, which found the largest gaps in housing affordable to households  
3           below 30 percent of median and between 85 percent and 120 percent, and a  
4           lack of housing availability across the income spectrum.

5           (3) The purpose of this section is to promote the development and  
6           improvement of housing for Vermonters.

7           (b) The Vermont Housing and Conservation Board shall use the proceeds  
8           of bonds, notes, and other obligations issued by the Vermont Housing Finance  
9           Agency pursuant to 10 V.S.A. § 621(22) and transferred to the Vermont  
10           Housing and Conservation Trust Fund to fund the creation and improvement of  
11           ownership and rental housing for Vermonters with very low to middle income  
12           in areas targeted for growth and reinvestment, as follows:

13           (1) not less than 25 percent of the housing shall be targeted to  
14           Vermonters with very low income, meaning households below 50 percent of  
15           area median income; and

16           (2) not less than 25 percent shall be targeted to Vermonters with  
17           moderate income, meaning households between 80 and 120 percent of median  
18           income.

19           Sec. 2. 32 V.S.A. § 9241 is amended to read:

20           § 9241. IMPOSITION OF TAX

1 (a) An operator shall collect a tax of nine percent of the rent of each  
2 occupancy plus a \$2.00 housing help surcharge for each night of the  
3 occupancy.

4 \* \* \*

5 Sec. 3. 32 V.S.A. § 9241a is added to read:

6 § 9241A. HOUSING HELP SURCHARGE; ALLOCATION OF REVENUES

7 (a) The revenues generated by the \$2.00 housing help surcharge imposed  
8 under subsection 9241(a) of this title shall be allocated as follows:

9 (1) the first \$2.5 million shall be transferred to the Vermont Housing  
10 Finance Agency to pay the principal of and interest due on the bonds, notes,  
11 and other obligations authorized to be issued by the Agency pursuant to 10  
12 V.S.A. § 621(22), the proceeds of which the Vermont Housing and  
13 Conservation Board shall use to create affordable housing pursuant to 10  
14 V.S.A. chapter 15 and Sec. 1 of S.100 (2017) as enacted; and

15 (2) any remaining revenues shall be transferred to the Clean Water Fund  
16 created in 10 V.S.A. § 1388.

17 (b) As long as the bonds, notes, and other obligations incurred pursuant to  
18 subdivision (a)(1) of this section remain outstanding, the housing help  
19 surcharge imposed pursuant to section 9241 of this title shall not be reduced  
20 below a rate estimated, at the time of any reduction, to generate annual  
21 revenues of at least \$6 million.



1 annual debt service on the bonds, notes, and other obligations shall not exceed  
2 \$2.5 million at any time.

3 (3) The Agency shall transfer the proceeds of the bonds, notes, and other  
4 obligations, less issuance fees and costs and required reserves, to the Vermont  
5 Housing and Conservation Trust Fund established pursuant to section 312 of  
6 this title, for use by the Vermont Housing and Conservation Board as provided  
7 in chapter 15 of this title and Sec. 1 of S.100 (2017) as enacted.

8 (4) The Agency, the Vermont Housing and Conservation Board, and the  
9 State Treasurer may execute one or more agreements governing the terms and  
10 conditions under which the housing help surcharge revenues that secure the  
11 bonds, notes, and obligations will be transferred to the Agency, and any other  
12 issues they determine appropriate.

13 Sec. 6. REPEAL

14 The following shall be repealed on July 1, 2038:

15 (1) 32 V.S.A. § 9241a (housing help surcharge for affordable housing  
16 debt repayment and clean water fund).

17 (2) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)  
18 authority to issue debt obligations secured by property transfer tax).

19 (3) 10 V.S.A. § 631(l) (debt obligations issued by VHFA).

20 Sec. 6a. 32 V.S.A. § 9241 is amended to read:

21 § 9241. IMPOSITION OF TAX

1 (a) An operator shall collect a tax of nine percent of the rent of each  
2 occupancy.

3 \* \* \*

4 Sec. 7. 10 V.S.A. § 323 is amended to read:

5 § 323. ANNUAL REPORT

6 Prior to January 31 of each year, the ~~board~~ Board shall submit a report  
7 concerning its activities to the ~~governor~~ Governor and legislative committees  
8 on agriculture, natural resources and energy, appropriations, ways and means,  
9 finance, and institutions. The report shall include, ~~but not be limited to~~, the  
10 following:

11 (1) a list and description of activities funded by the ~~board~~ Board during  
12 the preceding year, including commitments made to fund projects through  
13 housing bond proceeds pursuant to Sec. 1 of S.100 (2017) as enacted, and  
14 project descriptions, levels of affordability, and geographic location;

15 \* \* \*

16 \* \* \* Municipal Outreach; Sewerage and Water Service Connections \* \* \*  
17 Sec. 8. AGENCY OF NATURAL RESOURCES; EDUCATION AND  
18 OUTREACH; DELEGATION; SEWERAGE AND WATER  
19 SERVICE CONNECTIONS

20 (a) The Secretary of Natural Resources, after consultation with the  
21 Vermont League of Cities and Towns, shall conduct outreach and education

1 for municipalities regarding the ability of a municipality under 10 V.S.A.  
2 § 1976 to be delegated the authority to permit the connection of a municipal  
3 sewer or water service line to subdivided land, a building, or a campground.

4 (b) The education and outreach shall specify the conditions or requirements  
5 for delegation, how a municipality can seek delegation, and contact  
6 information or other resource to provide additional information regarding  
7 delegation. The education and outreach may include educational materials,  
8 workshops, or classes regarding the ability of a municipality to be delegated  
9 under 10 V.S.A. § 1976 the permitting of sewer and water service connection.

10 (c) On or before January 15, 2018, the Secretary of Natural Resources shall  
11 submit a report to the Senate Committees on Natural Resources and Energy  
12 and Economic Development, Housing and General Affairs and the House  
13 Committees on Natural Resources, Fish and Wildlife and on Commerce and  
14 Economic Development summarizing the education and outreach conducted or  
15 planned by the Secretary under the requirements of this section and whether  
16 any municipality has sought delegation of sewer and water service connection  
17 permitting under 10 V.S.A. § 1976 since the effective date of this act.

18 \* \* \* Municipal Land Use and Development; Affordable Housing \* \* \*

19 Sec. 9. 24 V.S.A. § 4303 is amended to read:

20 § 4303. DEFINITIONS

1       The following definitions shall apply throughout this chapter unless the  
2 context otherwise requires:

3           (1) “Affordable housing” means either of the following:

4           (A) ~~Housing that is owned by its inhabitants whose gross annual~~  
5 ~~household income does not exceed 80 percent of the county median income, or~~  
6 ~~80 percent of the standard metropolitan statistical area income if the~~  
7 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
8 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
9 ~~including principal, interest, taxes, insurance, and condominium association~~  
10 ~~fees is not more than 30 percent of the household’s gross annual income.~~

11           Owner-occupied housing for which the total annual cost of  
12 ownership, including principal, interest, taxes, insurance, and condominium  
13 association fees, does not exceed 30 percent of the gross annual income of a  
14 household at 120 percent of the highest of the following:

15           (i) the county median income, as defined by the U.S. Department  
16 of Housing and Urban Development;

17           (ii) the standard metropolitan statistical area median income if the  
18 municipality is located in such an area, as defined by the U.S. Department of  
19 Housing and Urban Development; or

20           (iii) the statewide median income, as defined by the  
21 U.S. Department of Housing and Urban Development.



1           (B) ~~Housing that is rented by its inhabitants whose gross annual~~  
2 ~~household income does not exceed 80 percent of the county median income, or~~  
3 ~~80 percent of the standard metropolitan statistical area income if the~~  
4 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
5 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
6 ~~including rent, utilities, and condominium association fees, is not more than 30~~  
7 ~~percent of the household's gross annual income.~~

8           Rental housing for which the total annual cost of renting, including  
9 rent, utilities, and condominium association fees, does not exceed 30 percent of  
10 the gross annual income of a household at 80 percent of the highest of the  
11 following:

12           (i) the county median income, as defined by the U.S. Department  
13 of Housing and Urban Development;

14           (ii) the standard metropolitan statistical area median income if the  
15 municipality is located in such an area, as defined by the U.S. Department of  
16 Housing and Urban Development; or

17           (iii) the statewide median income, as defined by the  
18 U.S. Department of Housing and Urban Development.

19    \* \* \*

20    \* \* \* Act 250; Priority Housing Projects \* \* \*

21           Sec. 10. 10 V.S.A. § 6001 is amended to read:

1 § 6001. DEFINITIONS

2 In this chapter:

3 \* \* \*

4 (3)(A) “Development” means each of the following:

5 \* \* \*

6 (iv) The construction of housing projects such as cooperatives,  
7 condominiums, or dwellings, or construction or maintenance of mobile homes  
8 or mobile home parks, with 10 or more units, constructed or maintained on a  
9 tract or tracts of land, owned or controlled by a person, within a radius of five  
10 miles of any point on any involved land, and within any continuous period of  
11 five years. However:

12 (I) A priority housing project shall constitute a development  
13 under this subdivision (iv) only if the number of housing units in the project is:

14 (aa) ~~275 or more, in a municipality with a population of~~  
15 ~~15,000 or more;~~ [Repealed.]

16 (bb) ~~150 or more, in a municipality with a population of~~  
17 ~~10,000 or more but less than 15,000;~~ [Repealed.]

18 (cc) 75 or more, in a municipality with a population of 6,000  
19 or more but less than 10,000;

20 (dd) 50 or more, in a municipality with a population of  
21 3,000 or more but less than 6,000;

1 (ee) 25 or more, in a municipality with a population of less  
2 than 3,000;~~and.~~

3 (ff) ~~notwithstanding~~ Notwithstanding subdivisions ~~(aa)~~(cc)  
4 through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction  
5 involves the demolition of one or more buildings that are listed on or eligible  
6 to be listed on the State or National Register of Historic Places. However,  
7 demolition shall not be considered to create jurisdiction under this subdivision  
8 if the Division for Historic Preservation has determined that the proposed  
9 demolition will have no adverse effect, will have no adverse effect if specified  
10 conditions are met, or will have an adverse effect that will be adequately  
11 mitigated. Any imposed conditions shall be enforceable through a grant  
12 condition, deed covenant, or other legally binding document.

13 (II) The determination of jurisdiction over a priority housing  
14 project shall count only the housing units included in that discrete project.

15 (III) Housing units in a priority housing project shall not count  
16 toward determining jurisdiction over any other project.

17 \* \* \*

18 (D) The word “development” does not include:

19 \* \* \*

20 (viii) The construction of a priority housing project in a  
21 municipality with a population of 10,000 or more. However, if the

1 construction of the project involves demolition of one or more buildings that  
2 are listed or eligible to be listed on the State or National Register of Historic  
3 Places, this exemption shall not apply unless the Division for Historic  
4 Preservation has made the determination described in subdivision  
5 (3)(A)(iv)(I)(ff) of this section and any imposed conditions are enforceable in  
6 the manner set forth in that subdivision.

7 \* \* \*

8 (27) “Mixed income housing” means a housing project in which the  
9 following apply:

10 (A) Owner-occupied housing. At the option of the applicant, owner-  
11 occupied housing may be characterized by either of the following:

12 (i) at least 15 percent of the housing units have a purchase price  
13 which at the time of first sale does not exceed 85 percent of the new  
14 construction, targeted area purchase price limits established and published  
15 annually by the Vermont Housing Finance Agency; or

16 (ii) at least 20 percent of the housing units have a purchase price  
17 which at the time of first sale does not exceed 90 percent of the new  
18 construction, targeted area purchase price limits established and published  
19 annually by the Vermont Housing Finance Agency;

1           (B) Rental ~~Housing~~ housing. At least 20 percent of the housing units  
2 that are rented constitute affordable housing and have a duration of  
3 affordability of ~~no~~ not less than ~~20~~ 15 years.

4           (28) “Mixed use” means construction of both mixed income housing  
5 and construction of space for any combination of retail, office, services,  
6 artisan, and recreational and community facilities, provided at least 40 percent  
7 of the gross floor area of the buildings involved is mixed income housing.  
8 “Mixed use” does not include industrial use.

9           (29) “Affordable housing” means either of the following:

10           (A) ~~Housing that is owned by its inhabitants whose gross annual~~  
11 ~~household income does not exceed 80 percent of the county median income, or~~  
12 ~~80 percent of the standard metropolitan statistical area income if the~~  
13 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
14 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
15 ~~including principal, interest, taxes, insurance, and condominium association~~  
16 ~~fees is not more than 30 percent of the household’s gross annual income.~~

17           Owner-occupied housing for which the total annual cost of  
18 ownership, including principal, interest, taxes, insurance, and condominium  
19 association fees, does not exceed 30 percent of the gross annual income of a  
20 household at 120 percent of the highest of the following:

1                    (i) the county median income, as defined by the U.S. Department  
2                    of Housing and Urban Development;

3                    (ii) the standard metropolitan statistical area median income if the  
4                    municipality is located in such an area, as defined by the U.S. Department of  
5                    Housing and Urban Development; or

6                    (iii) the statewide median income, as defined by the  
7                    U.S. Department of Housing and Urban Development.

8                    ~~(B) Housing that is rented by its inhabitants whose gross annual~~  
9                    ~~household income does not exceed 80 percent of the county median income, or~~  
10                   ~~80 percent of the standard metropolitan statistical area income if the~~  
11                   ~~municipality is located in such an area, as defined by the U.S. Department of~~  
12                   ~~Housing and Urban Development, and the total annual cost of the housing,~~  
13                   ~~including rent, utilities, and condominium association fees, is not more than 30~~  
14                   ~~percent of the household's gross annual income.~~

15                   Rental housing for which the total annual cost of renting, including  
16                   rent, utilities, and condominium association fees, does not exceed 30 percent of  
17                   the gross annual income of a household at 80 percent of the highest of the  
18                   following:

19                   (i) the county median income, as defined by the U.S. Department  
20                   of Housing and Urban Development;



1 development, or commence development without a permit. This section shall  
2 not prohibit the sale, mortgage, or transfer of all, or an undivided interest in all,  
3 of a subdivision unless the sale, mortgage, or transfer is accomplished to  
4 circumvent the purposes of this chapter.

5 \* \* \*

6 (o) If a ~~downtown development district~~ designation pursuant to 24 V.S.A.  
7 ~~§ 2793~~ chapter 76A is removed, subsection (a) of this section shall apply to  
8 any subsequent substantial change to a priority housing project that was  
9 originally exempt pursuant to subdivision 6001(3)(A)(iv)(I) of this title on the  
10 basis of that designation.

11 (p)(1) No permit or permit amendment is required for any change to a  
12 project that is located entirely within a downtown development district  
13 designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of  
14 any combination of mixed use and mixed income housing, and the cumulative  
15 changes within any continuous period of five years, commencing on or after  
16 the effective date of this subsection, remain below the jurisdictional threshold  
17 specified in subdivision 6001(3)(A)(iv)(I) of this title.

18 (2) No permit or permit amendment is required for a priority housing  
19 project in a designated center other than a downtown development district if  
20 the project remains below the jurisdictional threshold specified in subdivision  
21 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any



1 existing permit or permit amendment issued under this chapter that applies to  
2 the tract or tracts on which the project will be located. If such a priority  
3 housing project will not comply with one or more of these conditions, an  
4 application may be filed pursuant to section 6084 of this title.

5 \* \* \*

6 Sec. 12. 10 V.S.A. § 6084 is amended to read:

7 § 6084. NOTICE OF APPLICATION; HEARINGS, COMMENCEMENT OF  
8 REVIEW

9 \* \* \*

10 (f) This subsection concerns an application for a permit amendment to  
11 change the conditions of an existing permit or permit amendment in order to  
12 authorize the construction of a priority housing project described in  
13 subdivision 6081(p)(2) of this title.

14 (1) The District Commission may authorize a district coordinator to  
15 issue such an amendment, without notice and a hearing, if the applicant  
16 demonstrates that all parties to the permit or permit amendment or their  
17 successors in interest have consented to the proposed changes to conditions  
18 relative to the criteria for which the party retained party status.

19 (2) If the applicant is not able to obtain the consent of a party or parties  
20 or their successors in interest with respect to one or more of the conditions  
21 proposed to be changed, the applicant shall file a permit application pursuant to

1 this section. However, review by the District Commission shall be limited to  
2 whether the changes to conditions not consented to by the party or parties or  
3 their successors in interest enable positive findings under subsection 6086(a)  
4 and are authorized under subsection 6086(c) of this title.

5 \* \* \* ACCD; Publication of Median Household Income and Qualifying Costs  
6 for Affordable Housing \* \* \*

7 Sec. 13. 3 V.S.A. § 2472 is amended to read:

8 § 2472. DEPARTMENT OF HOUSING AND COMMUNITY  
9 DEVELOPMENT

10 (a) The Department of Housing and Community Development is created  
11 within the Agency of Commerce and Community Development. The  
12 Department shall:

13 \* \* \*

14 (5) In conjunction with the Vermont Housing Finance Agency, annually  
15 publish data and information to enable the public to determine income levels  
16 and costs for owner-occupied and rental housing to qualify as affordable  
17 housing, as defined in 24 V.S.A. § 4303 and 10 V.S.A. § 6001(29), including:

18 (A) the median income for each Vermont county, as defined by the  
19 U.S. Department of Housing and Urban Development;

1 (B) the standard metropolitan statistical area median income for each  
2 municipality is located in such an area, as defined by the U.S. Department of  
3 Housing and Urban Development; and

4 (C) the statewide median income, as defined by the U.S. Department  
5 of Housing and Urban Development.

6 \* \* \*

7 \* \* \* Downtown Tax Credits \* \* \*

8 Sec. 14. 32 V.S.A. § 5930ee is amended to read:

9 § 5930ee. LIMITATIONS

10 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
11 credits to all qualified applicants under this subchapter, provided that:

12 (1) the total amount of tax credits awarded annually, together with sales  
13 tax reallocated under section 9819 of this title, does not exceed ~~\$2,200,000.00~~  
14 \$2,400,000.00;

15 \* \* \*

16 \* \* \* Tax Credit for Affordable Housing; Captive Insurance Companies \* \* \*

17 Sec. 15. 32 V.S.A. § 5930u is amended to read:

18 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

19 (a) As used in this section:

20 \* \* \*

1           (5) “Credit certificate” means a certificate issued by the allocating  
2 agency to a taxpayer that specifies the amount of affordable housing tax credits  
3 that can be applied against the taxpayer’s individual or corporate income tax,  
4 or franchise, captive insurance premium, or insurance premium tax liability as  
5 provided in this subchapter.

6   \* \* \*

7           (c) Amount of credit. A taxpayer who makes an eligible cash contribution  
8 shall be entitled to claim against the taxpayer’s individual income, corporate,  
9 franchise, captive insurance premium, or insurance premium tax liability a  
10 credit in an amount specified on the taxpayer’s credit certificate. The first-year  
11 allocation of a credit amount to a taxpayer shall also be deemed an allocation  
12 of the same amount in each of the following four years.

13   \* \* \*

14           Sec. 16. 24 V.S.A. chapter 53, subchapter 5 is amended to read:

15   Subchapter 5. Tax Increment Financing

16   \* \* \*

17           § 1892. CREATION OF DISTRICT

18   \* \* \*

19           (d) The following municipalities have been authorized to use education tax  
20 increment financing for a tax increment financing district, ~~and the Vermont~~  
21 ~~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. 17. 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, and not more than an additional 14 districts in the State, provided:

6                   (A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted  
7                   against the limits imposed in this subdivision (2).

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

14                  (C) If, while the General Assembly is not in session, the Council  
15                  receives applications for districts that would otherwise qualify for approval  
16                  but, if approved, would exceed the 14-district limit in the State, the Council  
17                  shall make one or more presentations to the Emergency Board concerning the  
18                  applications, and the Emergency Board may, in its discretion, increase the 14-  
19                  district limit.





1 additional cost that might be incurred if the project were to proceed without  
2 education property tax increment financing;

3 (B) how the proposed development components and size would  
4 differ, if at all, without education property tax increment financing, including,  
5 if applicable to the development, the number of units of affordable housing, as  
6 defined in 24 V.S.A. § 4303; and

7 (C) the amount of additional revenue expected to be generated as a  
8 result of the proposed development; the percentage of that revenue that shall be  
9 paid to the education fund; the percentage that shall be paid to the  
10 municipality; and the percentage of the revenue paid to the municipality that  
11 shall be used to pay financing incurred for development of the tax increment  
12 financing district.

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

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

17 (B) The municipality has developed a tax increment financing district  
18 plan, including: a project description; a development financing plan; a pro  
19 forma projection of expected costs; a projection of revenues; a statement and  
20 demonstration that the project would not proceed without the allocation of a  
21 tax increment; evidence that the municipality is actively seeking or has

1 obtained other sources of funding and investment; and a development schedule  
2 that includes a list, a cost estimate, and a schedule for public improvements  
3 and projected private development to occur as a result of the improvements.

4 (C) The municipality has approved or pledged the utilization of  
5 incremental municipal tax revenues for purposes of the district in the same  
6 proportion as the utilization of education property tax revenues approved by  
7 the Vermont Economic Progress Council for the tax increment financing  
8 district.

9 (D) The proposed infrastructure improvements and the projected  
10 development or redevelopment are compatible with approved municipal and  
11 regional development plans, and the project has clear local and regional  
12 significance for employment, housing, and transportation improvements.

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

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

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

20 (C) The development will occur in an area that is economically  
21 distressed, which for the purposes of this subdivision means that the ~~area has~~

1 ~~experienced patterns of increasing unemployment, a drop in average wages, or~~  
2 ~~a decline in real property values~~ municipality in which the area is located has:

3 (i) median family income that is 80 percent or less of the statewide  
4 median family income as reported by the Vermont Department of Taxes for the  
5 most recent year for which data is available;

6 (ii) an annual average unemployment rate that is at least one  
7 percent greater than the latest annual average statewide unemployment rate as  
8 reported by the Vermont Department of Labor; or

9 (iii) a median sales price for residential properties under six acres  
10 that is 80 percent or less than the statewide median sales price for residential  
11 properties under six acres as reported by the Vermont Department of Taxes.

12 (4) Project criteria. Determine that the proposed development within a  
13 tax increment financing district will accomplish at least ~~three~~ two of the  
14 following ~~five~~ four criteria:

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

18 ~~(B)~~ The development includes new or rehabilitated affordable  
19 ~~housing that is affordable to the majority of the residents living within the~~  
20 ~~municipality and is developed at a higher density than at the time of~~

1 application. ~~“Affordable” has the same meaning as in 10 V.S.A. § 6001(29),~~  
2 as defined in 24 V.S.A. § 4303.

3 ~~(C)~~(B) The project will affect the remediation and redevelopment of  
4 a brownfield located within the district. As used in this section, “brownfield”  
5 means an area in which a hazardous substance, pollutant, or contaminant is or  
6 may be present, and that situation is likely to complicate the expansion,  
7 development, redevelopment, or reuse of the property.

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

13 ~~(E)~~(D) The development will enhance transportation by creating  
14 improved traffic patterns and flow or creating or improving public  
15 transportation systems.

16 \* \* \*

17 Sec. 18. IMPLEMENTATION

18 Secs. 16 and 17 of this act shall apply only to tax increment financing  
19 district applications filed, and districts approved, on or after the date of passage  
20 of this act.

21 Sec. 19. EFFECTIVE DATES

1        (a) This section and Secs. 16–18 (tax increment financing districts) shall  
2        take effect on passage.

3        (b) Sec. 6a (repeal of housing help surcharge) shall take effect on July 1,  
4        2038.

5        (c) The remaining sections of this act shall take effect on July 1, 2017.

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12        (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

14

Senator \_\_\_\_\_

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FOR THE COMMITTEE