1	Introduced by Committee on Economic Development and Housing and
2	General Affairs
3	Referred to Committee on
4	Date:
5	Subject: Commerce and trade; economic development; tax increment financing
6	Statement of purpose of bill as introduced: This bill proposes to authorize the
7	Vermont Economic Progress Council to approve up to two tax increment
8	financing districts per county in municipalities that do not currently have an
9	active district, subject to certain limitations and changes to the program.
10	An act relating to authorizing additional tax increment financing districts
11	It is hereby enacted by the General Assembly of the State of Vermont:
12	Sec. 1. 24 V.S.A. chapter 53, subchapter 5 is amended to read:
13	Subchapter 5: Tax Increment Financing
14	* * *
15	§ 1892. CREATION OF DISTRICT
16	* * *
17	(d) The following municipalities have been authorized to use education tax
18	increment financing for a tax increment financing district, and the Vermont
19	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; <del>and</del>
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	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 tax increment as
17	defined in 24 V.S.A. § 1896 to repayment of financing of the improvements
18	and related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved
19	by the Vermont Economic Progress Council pursuant to this section, subject to
20	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 24
7	V.S.A. § 1892(d) shall not be counted against the two-district limit for a
8	county.
9	(B) The Council shall consider applications in the order they are
10	submitted, except that if the Council receives two or more applications on the
11	same day for approval as the final district in a county, the Council shall
12	evaluate each application and shall approve the application that, in the
13	Council's discretion, best promotes the availability of affordable housing, as
14	defined in 24 V.S.A. § 4303.
15	(3) The Council shall not approve any additional districts on or after
16	July 1, 2025.
17	* * *
18	(h) Criteria for approval. To approve utilization of incremental revenues
19	pursuant to subsection (f) of this section, the Vermont Economic Progress
20	Council shall do all the following:

1	(1) Review each application to determine that the new real property
2	development would not have occurred or would have occurred in a
3	significantly different and less desirable manner but for the proposed
4	utilization of the incremental tax revenues. The review shall take into account:
5	(A) the amount of additional time, if any, needed to complete the
6	proposed development within the tax increment district and the amount of
7	additional cost that might be incurred if the project were to proceed without
8	education property tax increment financing;
9	(B) how the proposed development components and size would differ,
10	if at all, without education property tax increment financing[including, if
11	applicable to the development, the number of units of affordable housing, as
11 12	applicable to the development, the number of units of affordable housing, as defined in 24 V.S.A. § 4303]; and
12	<u>defined in 24 V.S.A. § 4303];</u> and
12 13	defined in 24 V.S.A. § 4303]; and (C) the amount of additional revenue expected to be generated as a
12 13 14	defined in 24 V.S.A. § 4303]; and (C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be
12 13 14 15	defined in 24 V.S.A. § 4303]; and (C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the
12 13 14 15 16	defined in 24 V.S.A. § 4303]; and (C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that
12 13 14 15 16 17	defined in 24 V.S.A. § 4303]; and (C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment

1	(A) The municipality held public hearings and established a tax
2	increment financing district in accordance with 24 V.S.A. §§ 1891-1900.
3	(B) The municipality has developed a tax increment financing district
4	plan, including: a project description; a development financing plan; a pro
5	forma projection of expected costs; a projection of revenues; a statement and
6	demonstration that the project would not proceed without the allocation of a
7	tax increment; evidence that the municipality is actively seeking or has
8	obtained other sources of funding and investment; and a development schedule
9	that includes a list, a cost estimate, and a schedule for public improvements
10	and projected private development to occur as a result of the improvements.
11	(C) The municipality has approved or pledged the utilization of
12	incremental municipal tax revenues for purposes of the district in the same
13	proportion as the utilization of education property tax revenues approved by
14	the Vermont Economic Progress Council for the tax increment financing
15	district.
16	(D) The proposed infrastructure improvements and the projected
17	development or redevelopment are compatible with approved municipal and
18	regional development plans, and the project has clear local and regional
19	significance for employment, housing, and transportation improvements.
20	(3) Location criteria. Determine that each application meets one of the
21	following criteria:

1	(A) The development or redevelopment is compact, high density, and
2	located in or near existing industrial areas.
3	(B) The proposed district is within an approved growth center,
4	designated downtown, designated village center, or new town center.
5	Vermont neighborhood.
6	(C) The development will occur in an area that is economically
7	distressed, which for the purposes of this subdivision means that the area has
8	experienced patterns of:
9	(i) increasing unemployment <del>, a drop in </del> ;
10	(ii) decreasing average wages <del>, ;</del> or
11	(iii) <del>a decline in</del> <u>declining</u> real property values.
12	(4) Project criteria. Determine that the proposed development within a
13	tax increment financing district will accomplish at least [two] [three] three of
14	the 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, as defined in 24 V.S.A. § 4303 that is affordable to the majority of
20	the residents living within the municipality and is developed at a higher density

1	than at the time of application. "Affordable" has the same meaning as in 10
2	<del>V.S.A. § 6001(29)</del> .
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	$(\mathbf{D})$ $(\mathbf{C})$ 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. 2. IMPLEMENTATION
18	The provisions of this act shall apply to tax increment financing district
19	applications filed, and projects approved, on or after July 1, 2017.
20	Sec. 3. EFFECTIVE DATE
21	This act shall take effect on July 1, 2017.