

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; ~~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 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) 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  
12 defined in 24 V.S.A. § 4303]; and

13 (C) the amount of additional revenue expected to be generated as a  
14 result of the proposed development; the percentage of that revenue that shall be  
15 paid to the education fund; the percentage that shall be paid to the  
16 municipality; and the percentage of the revenue paid to the municipality that  
17 shall be used to pay financing incurred for development of the tax increment  
18 financing district.

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

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, or  
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, ~~a drop in~~ ;

10 (ii) decreasing average wages; or

11 (iii) a decline in declining 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

