



**Senate Finance Committee
February 14, 2018
Tax Increment Financing Districts**

Thank you for the opportunity to testify on tax increment financing (TIF) districts. And thank you for supporting legislation last year that provided the opportunity for six additional municipalities to take advantage of this powerful economic development tool. The Town of Bennington’s TIF district was approved last November.

In addition to rural economic development infrastructure (REDI) districts – which you also approved last year – TIF districts are one of the very few economic development tools in the state that provide an opportunity for local governments to substantially invest in the infrastructure necessary to spur economic development and re-development in downtowns. That infrastructure includes water and wastewater, “complete streets,” streetscapes, stormwater management, reclaiming brownfield sites, public parks improvements, and parking.

The State of Vermont’s goal is to “plan development so as to maintain the historic settlement pattern of compact village and urban centers surrounded by rural countryside.” (24 V.S.A. § 4302 (c) (1)) The purpose section of the Vermont municipal and regional planning statutes is attached to the end of my testimony.

We have a historic pattern of iconic downtowns that is the envy of the rest of the country and one of the most attractive attributes of Vermont. However, even with the best of local visions for redevelopment, it is hard and expensive to develop downtowns – as a result, development has not taken place in a number of our downtowns in the recent past.

Last year as the committee considered S.135, you heard from David White, of White and Burke, about the lack of development and redevelopment projects in seven downtowns without a way to invest in infrastructure. There was not much to report. The following slide from Mr. White’s presentation illustrates the problem.

Without TIF – Within the Last Five Years

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| | Bennington | Brattleboro | Montpelier | Newport | Rutland | Springfield | St. Johnsbury |
|----------------------------------|----------------------------|--|---|----------------------------|----------------------------|---|-------------------------------|
| New Dev | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Renovation Projects | 1 | 1 | 2 | 2 | 4 | 4 | 3 |
| New Grand List Value (Increment) | ~\$650,000 | ~\$6 mil | ~\$2 mil | ~\$600,000 | \$0 | ~\$100,000 | ~\$400,000 |
| Required Assistance | State and local funds, EPA | NMTC, Downtown tax credits, CDBG, VEDA | Tax stabilization agreements, grants; Institutional Partnership | Downtown tax credits, USDA | Institutional partnerships | Public funds, partnerships, special assessments | State & local credits & funds |



TIF districts are catalysts for development. Certainly, other funding sources are used to help finance public improvements: funding sources from public and private sectors would not be viable without the unifying concept of a TIF district. We believe that one of the major advantages of a TIF district is that focused efforts and the ability to use new education and municipal property tax increments for a specific period of time will attract a variety of sources of investment income.

We respectfully disagree with several of the conclusions in the TIF program report. We believe it is quite clear that Vermont’s redeveloped downtowns contribute significantly to the economic viability and attractiveness of this state. Winooski is a true success story. Burlington consistently ranks in the top tier of cities for livability, downtowns, outdoor recreation, creativity and more. In 2017, Burlington ranked number 11 of the top 100 best places to live by livability.com. St. Albans City’s turn-around from ten years ago is nothing short of astonishing. It may be that development might have occurred in those places without the TIF or in a different location. But it didn’t happen before the TIF district and it hasn’t happened in a lot of other places.

We know that the TIF program is a complex undertaking and not feasible for a lot of smaller municipalities to undertake. The REDI district legislation is designed to provide an option to smaller municipalities to address significant issues such as the continued lack of broadband in a community or centralized wastewater treatment in village centers. (24 VSA Chapter 138) “The

purpose of this chapter is to enable formation of special municipal districts to finance, own, and maintain infrastructure that provides economic development opportunities in rural and underresourced areas of the State, including areas within one or more municipalities. Specifically, this chapter provides mechanisms for public and private partnerships, including opportunities for tax-incentivized financing and voluntary citizen engagement, to help overcome density and economic hardship”.

As well, there are a number of other special purpose districts are authorized in statute that may help municipalities address needs that would in turn spur growth (list attached)

We are concerned about the ramifications of a wholesale change to the education funding system and how it might affect approved TIF districts.

Thank you for the opportunity to testify.

Karen Horn, Director
Public Policy and Advocacy

Title 24, Chapter 117, Municipal and Regional Planning and Development 4302 Purpose and Goals:

(a) General purposes. It is the intent and purpose of this chapter to encourage the appropriate development of all lands in this State by the action of its constituent municipalities and regions, with the aid and assistance of the State, in a manner which will promote the public health, safety against fire, floods, explosions, and other dangers; to promote prosperity, comfort, access to adequate light and air, convenience, efficiency, economy, and general welfare; to enable the mitigation of the burden of property taxes on agricultural, forest, and other open lands; to encourage appropriate architectural design; to encourage the development of renewable resources; to protect residential, agricultural, and other areas from undue concentrations of population and overcrowding of land and buildings, from traffic congestion, from inadequate parking and the invasion of through traffic, and from the loss of peace, quiet, and privacy; to facilitate the growth of villages, towns, and cities and of their communities and neighborhoods so as to create an optimum environment, with good civic design; to encourage development of a rich cultural environment and to foster the arts; and to provide means and methods for the municipalities and regions of this State to plan for the prevention, minimization, and future elimination of such land development problems as may presently exist or which may be foreseen and to implement those plans when and where appropriate. In implementing any regulatory power under this chapter, municipalities shall take care to protect the constitutional right of the people to acquire, possess, and protect property.