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1	S.308
2	Introduced by Senators Brock, Clarkson and Collamore
3	Referred to Committee on
4	Date:
5	Subject: Taxation; tax increment financing; indebtedness; debt service
6	Statement of purpose of bill as introduced: This bill proposes to: (1) allow a
7	tax increment financing district to use debt proceeds to fund a debt reserve
8	fund for a maximum period of 10 years, (2) permit the use of bond anticipation
9	notes for a maximum period of 10 years, and (3) clarify the process for
10	adjusting the boundaries of a district.
11	An act relating to tax increment financing districts
12	It is hereby enacted by the General Assembly of the State of Vermont:
13	Sec. 1. 24 V.S.A. § 1891 is amended to read:
14	§ 1891. DEFINITIONS
15	When used in this subchapter:
16	* * *
17	(4) "Improvements" means the installation, new construction, or
18	reconstruction of infrastructure that will serve a public purpose and fulfill the
19	purpose of tax increment financing districts as stated in section 1893 of this

subchapter, including utilities, transportation, public facilities and amenities,

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land and property acquisition and demolition, and site preparation.

Improvements also means the funding of a debt service reserve fund.

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(7) "Financing" means debt incurred, including principal, interest, and any fees or charges directly related to that debt, or other instruments or borrowing used by a municipality to pay for improvements in a tax increment financing district, only if authorized by the legal voters of the municipality in accordance with section 1894 of this subchapter. Payment for the cost of district improvements and related costs may also include direct payment by the municipality using the district increment. However, such payment is also subject to a vote by the legal voters of the municipality in accordance with section 1894 of this subchapter and, if not included in the tax increment financing plan approved under subsection 1894(d) of this subchapter, is also considered a substantial change and subject to the review process provided by subdivision 1901(2)(B) of this subchapter. If interfund loans within the municipality are used as the method of financing, no interest shall be charged. A municipality is only authorized to use bond anticipation notes as a method of financing during the first five-year period that a district may incur debt; provided, however, that the Vermont Economic Progress Council may grant an extension to this time period of up to five years, for a total of not more than 10 years.

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1	Sec. 2. 24 V.S.A. § 1894 is amended to read:
2	§ 1894. POWER AND LIFE OF DISTRICT
3	(a) Incurring indebtedness.
4	(1) A municipality approved under 32 V.S.A. § 5404a(h) may incur
5	indebtedness against revenues of the tax increment financing district at any
6	time during a period of up to five years following the creation of the district. It
7	no debt is incurred during this five-year period, the district shall terminate,
8	unless the Vermont Economic Progress Council grants an extension to a
9	municipality pursuant to subsection (d) of this section. However, if any
10	indebtedness is incurred within the first five years after the creation of the
11	district, then the district has a total of ten years after the creation of the district
12	to incur any additional debt.
13	(2) Any indebtedness incurred under subdivision (1) of this subsection
14	may be retired over any period authorized by the legislative body of the
15	municipality.
16	(3) The district shall continue until the date and hour the indebtedness is
17	retired or, if no debt is incurred, five years following the creation of the
18	district.
19	* * *
20	(j) Use of debt proceeds. A municipality is authorized to use debt proceeds

to fund a debt service reserve fund for a six-year period after the date the

1	district is created. The Vermont Economic Progress Council may grant an
2	extension to this time period of up to four years, for a total of not more than
3	10 years.
4	Sec. 3. 24 V.S.A. § 1895 is amended to read:
5	§ 1895. ORIGINAL TAXABLE VALUE
6	(a) Certification. As of the date the district is created, the lister or assessor
7	for the municipality shall certify the original taxable value and shall certify to
8	the legislative body in each year thereafter during the life of the district the
9	amount by which the total valuation as determined in accordance with
10	32 V.S.A. chapter 129 of all taxable real property located within the tax
11	increment financing district has increased or decreased relative to the original
12	taxable value.
13	(b) Boundary of the district. Any adjustments to the boundary of a district
14	is considered a substantial change and subject to the review process provided
15	by subdivision 1901(2)(B) of this subchapter.
16	Sec. 4. EFFECTIVE DATE
17	This act shall take effect on July 1, 2020.