

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

1 land and property acquisition and demolition, and site preparation.

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

3 * * *

4 (7) "Financing" means debt incurred, including principal, interest, and
5 any fees or charges directly related to that debt, or other instruments or
6 borrowing used by a municipality to pay for improvements in a tax increment
7 financing district, only if authorized by the legal voters of the municipality in
8 accordance with section 1894 of this subchapter. Payment for the cost of
9 district improvements and related costs may also include direct payment by the
10 municipality using the district increment. However, such payment is also
11 subject to a vote by the legal voters of the municipality in accordance with
12 section 1894 of this subchapter and, if not included in the tax increment
13 financing plan approved under subsection 1894(d) of this subchapter, is also
14 considered a substantial change and subject to the review process provided by
15 subdivision 1901(2)(B) of this subchapter. If interfund loans within the
16 municipality are used as the method of financing, no interest shall be charged.
17 A municipality is only authorized to use bond anticipation notes as a method of
18 financing during the first five-year period that a district may incur debt;
19 provided, however, that the Vermont Economic Progress Council may grant an
20 extension to this time period of up to five years, for a total of not more than
21 10 years.

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.