



Project Based Economic Development

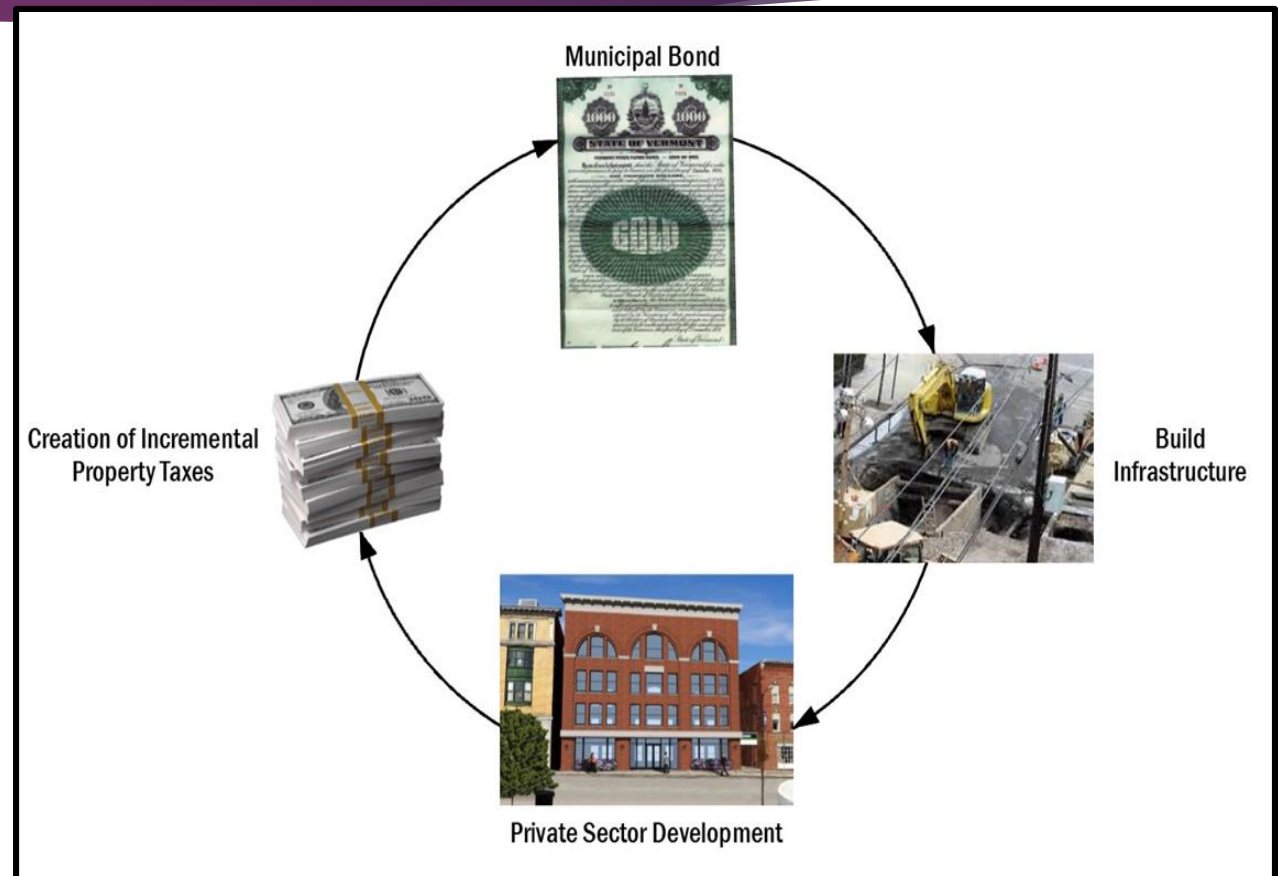
VERMONT ECONOMIC PROGRESS COUNCIL
MEGAN SULLIVAN, EXECUTIVE DIRECTOR

Project Based Economic Development

- PBED will expand the opportunity for financing public improvements with tax increment to general private development more equitably to rural communities by having a program on a smaller scale, aimed at financing “the gap”.
- Simpler and easier to implement, administer, and monitor – and will allow rural municipalities around Vermont, where we know development is the hardest, to advance key community driven development and redevelopment opportunities.

How does Financing Work?

- ▶ Approval on the local level and then on the state level to participate in this program to ensure local support and verify viability.
- ▶ Town incurs approved debt within three years on approval .
- ▶ The town then uses debt proceeds to fund public infrastructure improvement and related costs.
- ▶ That improvement allows for private sector development which increases the value of the property.
- ▶ The increased property value generates new property tax revenues which the town uses to repay the debt they incurred to make infrastructure improvement.
- ▶ At the end of the 20 year retention period the full increase in the taxable values will go to the taxing authorities.



Why do rural communities need this tool?

- **Rural communities don't have equity to pledge to a project.**
 - There is not an adequate tax base to call upon to support this project through traditional financing alone.
- **Need to identify local match to draw down other state and federal dollars.**
 - By having a tool like this, a community could get a pledged match for a project.
 - Opens access to federal grant programs, state grant programs, private philanthropy, and traditional local bond proceeds or user fees.
 - Our rural community needs assistance from the state to leverage other state and federal dollars in ur project.

What is the difference between PBED and TIF District?

▶ TIF DISTRICT PROGRAM

- ▶ Large boundary including hundreds of parcels
- ▶ Multiple public improvement projects
- ▶ Multiple debt issuances over 10 years.
- ▶ Financing for large portion if not all of the project

▶ PROJECT BASED ECONOMIC DEVELOPMENT PROGRAM

- ▶ Only minimal parcels included
- ▶ One public improvement project
- ▶ One incurrence of debt within 3 years of approval
- ▶ Gap funding to get project over the finish line.