

GROWING THE ECONOMY

Vermont Downtown & Village Center Tax Credit Program



- **WHAT:** Increasing the Vermont Downtown and Village Center Tax Credit Program to \$2.6 million.
- **WHY:** Downtown and Village Center Tax Credits spark revitalization by supporting building and code improvements and are one of the primary benefits of the downtown and village center designations. With millennials attraction to downtowns, it's imperative we supply the necessary financial tools for them to be successful and thrive. This will assist in changing the current demographic trajectory of the state.

These tax credits offset the costs of rehabilitation and major investments in elevators, sprinklers, and other code improvements needed make downtown buildings safe and accessible. They have become a crucial component of the complicated funding stack required to carry out transformative downtown projects like the French Block in Montpelier, the Brooks House in Brattleboro, and the Blanchard Block in Barre.

The State's return on investment (ROI) for this program is unparalleled. In July 2018, the Downtown Development Board allocated tax incentives for 16 projects, supporting over \$324 million in downtown and village center construction and rehabilitation, leveraging over \$100 for every \$1 in credits awarded. Although 16 projects were funded, 28 others were not. The demand for tax credits consistently outpaces the program's annual capacity and many worthy projects are undeveloped. For the past 15 years, requests for tax credits have exceed their availability, in some years by more than 2:1.

Since the program's inception, over 350 projects in 145 communities have received almost \$28 million in tax credits. This has injected over \$700 million in private investments into our local economies to grow jobs and reverse declining grand list values. These investments have helped transform communities – attracting new businesses, fostering business expansions, creating good jobs, and supporting the reinvestment in existing and creation of new housing in downtowns and villages across the state.

- **WHERE:** Statewide
- **FUNDING:** \$2.6 million in the Governor's recommended budget.
- **DRAFT LEGISLATIVE LANGUAGE:**
<https://legislature.vermont.gov/statutes/section/32/151/05930ee>:

Vermont Downtown And Village Center Tax Credit Program

Section. X. 32 V.S.A. chapter 151, subchapter 11J, § 5930ee. Limitations

Beginning in fiscal year 2010 and thereafter, the State Board may award tax credits to all qualified applicants under this subchapter, provided that:

- (1) The total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000~~ \$2,600,000;

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