Regional Development Corporations of Vermont

Project-Based Tax Increment Financing (TIF)
House Committee for Commerce and Economic Development
February 24, 2021
Fred Kenney, President, RDCs of VT

The RDCs of VT support the creation of a program that enables Vermont's rural communities to use municipal and education tax increment from identified development/redevelopment projects to help finance the public infrastructure that will spur the private development.

This tool will provide the gap financing so smaller communities can afford public improvement projects that will allow desired development/redevelopment move forward.

Equity and Accessibility: Vermont’s larger communities have access to TIF tools necessary to fund public infrastructure improvements to support a growing economy.

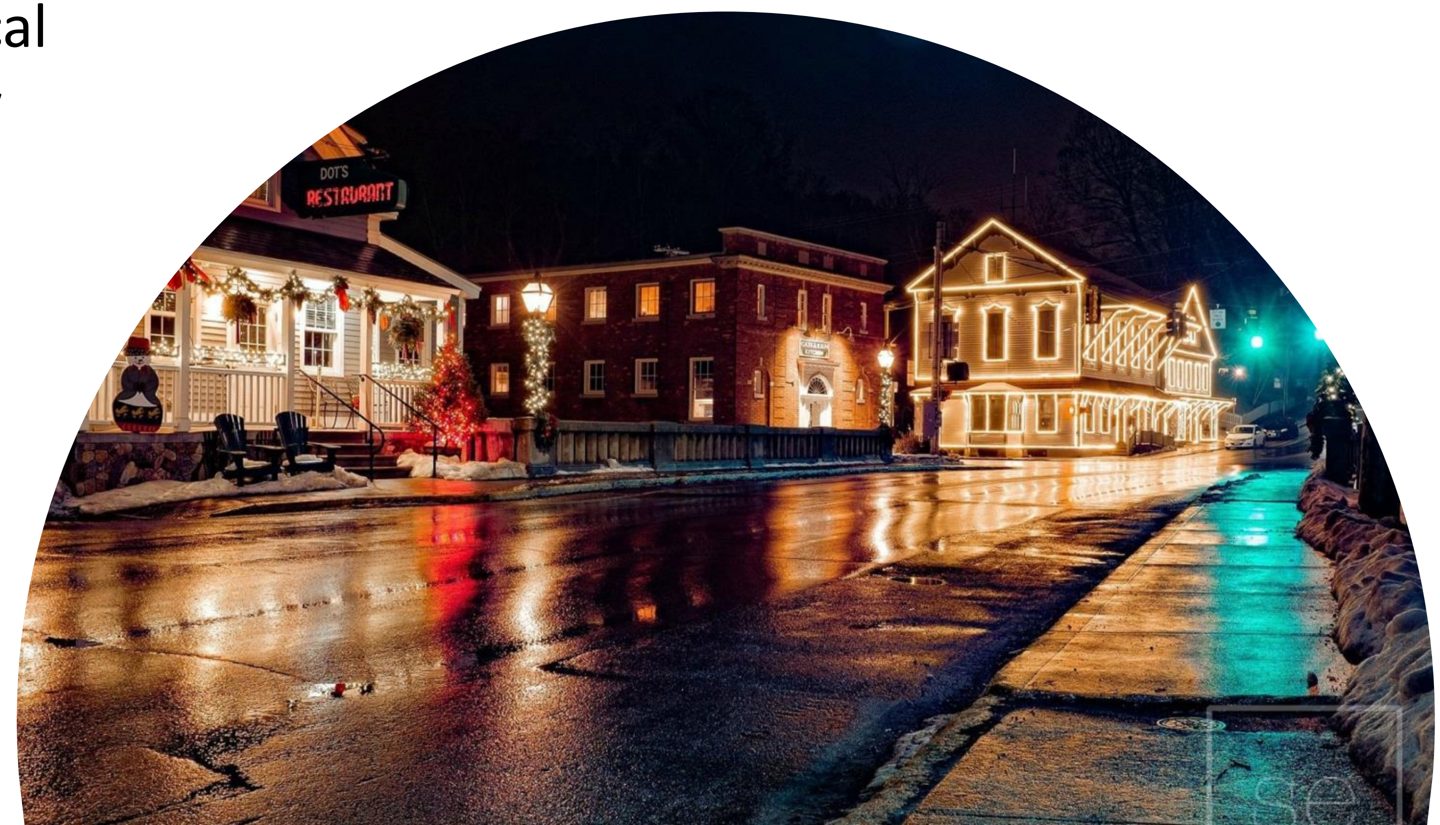
REGIONAL DEVELOPMENT CORPORATIONS OF VERMONT
RDC

Smaller Scale: Our small, rural communities need access to capital through programs that are built on a scale that matches the need, the community and its capacity to plan, implement and monitor.

Limited Scope: The limited scope of project-based TIF is perfect for smaller, rural communities that have single public infrastructure projects, but still need help to fund the gap that would otherwise prevent a successful project from advancing. Project-based TIF also reduces the administrative burden to a level that can be handled by smaller communities: one public infrastructure project, a few identified parcels to track, one instance of debt.

REGIONAL DEVELOPMENT CORPORATIONS OF VERMONT
RDC

Rural Economic Development Tool: With stagnant grand lists, our rural communities look for innovative ways to grow their regional and local economies. This tool will spur new economic activity while increasing tax revenues and growing grand lists.



Why Project-Based TIFs?

- Proposal greatly simplifies creation, approval and administration.
- Much easier for a small community.
- No “TIF District” created.
- One public infrastructure project; a few developers or property owner; a few parcels vs an entire District
- Public infrastructure required will depend on what is needed to spur the private development: could be sidewalks, lighting, intersection improvements, public spaces, parking. Could be water and sewer, but not solely.
- The legislation does not need a debt ceiling. It will be determined by:
  - the cost of the infrastructure needed;
  - the level of debt the local voters will approve;
  - revenues from other sources in the debt stack and grants, fees;
  - the level of debt approved by VEPC based on projected revenues from TIF and other sources.
- The $1.5M debt ceiling is counter-productive given the other requirements in the bill such as the economic development goals.
- Keep existing commercial/industrial areas as an eligible location.

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