

**S.33**

**Section-by-Section Summary  
As Passed by House Commerce and Economic Development**

**Sec. 1. Amends 24 V.S.A. § 1892(d) (Creation of TIF districts)**

- Subsection (d) sets forth the TIF districts that are authorized to use education tax increment financing, and updates that list to add the Town of Bennington and the City of Montpelier, which now have approved TIF districts.

**Sec. 2. Amends 32 V.S.A. § 5404a(f) (Tax Stabilization Agreements; Tax Increment Financing)**

- Makes a technical amendment to the statutory language on TIF districts to clarify that there are only 4 (and not 6) remaining districts, and that only 1 new district may be approved in both Washington and Bennington Counties.
- Clarifies that for a municipality with a TIF district and a tax stabilization agreement that the municipal and education property tax increment for the properties in the TIF district shall be calculated based on the assessed value of the properties and not the stabilized value.
- Adds authority for VEPC to adopt rules clarifying a reasonable improvement for a project that affects the remediation and redevelopment of a brownfield within a district.

**Sec. 3. Amends 24 V.S.A. § 1891 (Definitions)**

- Adds to the definition of “improvements” the ability to use the proceeds of debt to pay for debt service interest payments for a period of up to five years.
- Makes a technical amendment to the definition of “financing” to clarify that debt that is incurred may be used to be for both improvements and “related costs”
- Allows for a municipality to use bond anticipation notes for a district’s first incurrence of debt, provided that permanent financing is secured within one year if a municipality uses a bond anticipation note in its fifth or tenth year of incurring debt.

**Sec. 4. Amends 24 V.S.A. § 1895 (Original Taxable Value)**

- Adds subsection (b) relating to the boundaries of a district to clarify that when the district is created, any parcel within the district must be wholly located within the boundaries of a district. It also requires that no adjustments may be made to the district after the TIF district plan has been approved.

**Sec. 5. Amends 24 V.S.A. § 1896 (Tax Increment)**

- Adds subsection (e) clarifying that a municipality must always remit at least the aggregate original taxable value to the Education Fund (even where the value of property in the district has decreased).

**Sec. 6. Effective Date**

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May 5, 2021

- The act is effective on July 1, 2021.