

1 Sec. 1. 24 V.S.A. § 1891 is amended to read:

2 § 1891. DEFINITIONS

3 When used in this subchapter:

4 \* \* \*

5 (4) “Improvements” means the installation, new construction, or  
6 reconstruction of infrastructure that will serve a public purpose and fulfill the  
7 purpose of tax increment financing districts as stated in section 1893 of this  
8 subchapter, including utilities, transportation, public facilities and amenities,  
9 land and property acquisition and demolition, and site preparation.

10 “Improvements” does not mean the funding of debt service payments.

11 \* \* \*

12 (7) “Financing” means debt incurred, including principal, interest, and  
13 any fees or charges directly related to that debt, or other instruments or  
14 borrowing used by a municipality to pay for improvements in a tax increment  
15 financing district, only if authorized by the legal voters of the municipality in  
16 accordance with section 1894 of this subchapter. Payment for the cost of  
17 district improvements may also include direct payment by the municipality  
18 using the district increment. However, such payment is also subject to a vote  
19 by the legal voters of the municipality in accordance with section 1894 of this  
20 subchapter and, if not included in the tax increment financing plan approved  
21 under subsection 1894(d) of this subchapter, is also considered a substantial

1 change and subject to the review process provided by subdivision 1901(2)(B)  
2 of this subchapter. If interfund loans within the municipality are used as the  
3 method of financing, no interest shall be charged. Bond anticipation notes may  
4 not be used as a method of financing.

5 \* \* \*

6 (9) “Active district” means a district that has been created pursuant to  
7 subsection 1892(a) of this subchapter, has not been terminated pursuant to  
8 subsection 1894(a) of this subchapter, and has not retired all district financing  
9 or related costs.

10 Sec. 2. 24 V.S.A. 1892(d) is amended to read:

11 § 1892. CREATION OF DISTRICT

12 \* \* \*

13 ~~(d) The following municipalities have been authorized to use education tax~~  
14 ~~increment financing for a tax increment financing district:~~

15 ~~(1) the City of Burlington, Downtown;~~

16 ~~(2) the City of Burlington, Waterfront;~~

17 ~~(3) the Town of Milton, North and South;~~

18 ~~(4) the City of Newport;~~

19 ~~(5) the City of Winooski;~~

20 ~~(6) the Town of Colchester;~~

21 ~~(7) the Town of Hartford;~~

1 ~~(8) the City of St. Albans;~~

2 ~~(9) the City of Barre;~~

3 ~~(10) the Town of Milton, Town Core; and~~

4 ~~(11) the City of South Burlington~~ There shall be not more than 14 active  
5 districts in the State at any time.

6 \* \* \*

7 (h) Annually, based on the analysis and recommendations included in the  
8 reports required in this section, the General Assembly shall consider the  
9 amount of new long-term net debt that prudently may be authorized for TIF  
10 districts in the next fiscal year and determine whether to expand the number of  
11 active TIF districts or similar economic development tools ~~in addition to the~~  
12 ~~previously approved districts referenced in subsection (d) of this section and~~  
13 ~~the six additional districts authorized by 32 V.S.A. § 5404a(f) in subsection (d)~~  
14 of this section.

15 Sec. 3. 24 V.S.A. § 1895 is amended to read:

16 § 1895. ORIGINAL TAXABLE VALUE

17 (a) Certification. As of the date the district is created, the lister or assessor  
18 for the municipality shall certify the original taxable value and shall certify to  
19 the legislative body in each year thereafter during the life of the district the  
20 amount by which the total valuation as determined in accordance with  
21 32 V.S.A. chapter 129 of all taxable real property located within the tax

1 increment financing district has increased or decreased relative to the original  
2 taxable value.

3 (b) Boundary of the district. Any parcel within a district shall be located  
4 wholly within the boundaries of a district. No adjustments to the boundary of a  
5 district are permitted after the approval of a tax increment financing district  
6 plan as described in section 1894 of this subchapter.

7 Sec. 4. 24 V.S.A. § 1896 is amended to read:

8 § 1896. TAX INCREMENTS

9 (a) In each year following the creation of the district, the listers or assessor  
10 shall include ~~no~~ not more than the original taxable value of the real property in  
11 the assessed valuation upon which the treasurer computes the rates of all taxes  
12 levied by the municipality and every other taxing district in which the tax  
13 increment financing district is situated; but the treasurer shall extend all rates  
14 so determined against the entire assessed valuation of real property for that  
15 year. In each year ~~for which the assessed valuation exceeds the original~~  
16 ~~taxable value~~, the municipality shall hold apart, rather than remit to the taxing  
17 districts, that proportion of all taxes paid that year on the real property in the  
18 district ~~which~~ that the excess valuation bears to the total assessed valuation.

19 The amount held apart each year is the “tax increment” for that year. ~~No~~ Not  
20 more than the percentages established pursuant to section 1894 of this  
21 subchapter of the municipal and State education tax increments received with

1 respect to the district and committed for the payment for financing for  
2 improvements and related costs shall be segregated by the municipality in a  
3 special tax increment financing account and in its official books and records  
4 until all capital indebtedness of the district has been fully paid. The final  
5 payment shall be reported to the treasurer, who shall thereafter include the  
6 entire assessed valuation of the district in the assessed valuations upon which  
7 municipal and other tax rates are computed and extended and thereafter no  
8 taxes from the district shall be deposited in the district's tax increment  
9 financing account.

10 \* \* \*

11 (e) In each year, a municipality shall remit not less than the aggregate  
12 original taxable value to the Education Fund.

13 Sec. 5. 32 V.S.A. § 5404a is amended to read:

14 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT  
15 FINANCING DISTRICTS

16 (a) A tax agreement or exemption shall affect the education property tax  
17 grand list of the municipality in which the property subject to the agreement is  
18 located if the agreement or exemption is:

19 \* \* \*

20 (b)(1) An agreement affecting the education property tax grand list defined  
21 under subsection (a) of this section shall reduce the municipality's education

1 property tax liability under this chapter for the duration of the agreement or  
2 exemption without extension or renewal, and for a maximum of 10 years. A  
3 municipality’s property tax liability under this chapter shall be reduced by any  
4 difference between the amount of the education property taxes collected on the  
5 subject property and the amount of education property taxes that would have  
6 been collected on such property if its fair market value were taxed at the  
7 equalized nonhomestead rate for the tax year.

8 (2) Notwithstanding any other provision of law, if a municipality has  
9 entered into an agreement that reduces the municipality’s education property  
10 tax liability under this chapter and the municipality establishes a tax increment  
11 financing district under 24 V.S.A. chapter 53, subchapter 5, the municipality’s  
12 municipal and education tax increment shall be calculated based on the  
13 assessed value of the properties in the municipality’s grand list and not on the  
14 stabilized value.

15 \* \* \*

16 (f) A municipality that establishes a tax increment financing district under  
17 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties  
18 contained within the district and apply not more than 70 percent of the State  
19 education property tax increment, and not less than 85 percent of the municipal  
20 property tax increment, to repayment of financing of the improvements and  
21 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by

1 the Vermont Economic Progress Council pursuant to this section, subject to the  
2 following:

3 (1) In a municipality with one or more approved districts, the Council  
4 shall not approve an additional district until the municipality retires the debt  
5 incurred for all of the districts in the municipality.

6 (2) The Council shall not approve ~~more than six districts in the State,~~  
7 ~~and not a district if it will result in the total number of active districts, as~~  
8 ~~defined in 24 V.S.A. § 1891(9), exceeding the limit set forth in 24 V.S.A.~~  
9 ~~§ 1892(d) and shall not approve more than two per county, provided:~~

10 (A) ~~The districts listed in 24 V.S.A. § 1892(d) shall not be counted~~  
11 ~~against the limits imposed in this subdivision (2).~~

12 (B) The Council shall consider complete applications in the order  
13 they are submitted, except that if during any calendar month the Council  
14 receives applications for more districts than are actually available in a county,  
15 the Council shall evaluate each application and shall approve the application  
16 that, in the Council's discretion, best meets the economic development needs  
17 of the county.

18 (C) If, while the General Assembly is not in session, the Council  
19 receives applications for districts that would otherwise qualify for approval  
20 but, if approved, would exceed the ~~six-district~~ 14 active-district limit in the  
21 State, the Council shall make one or more presentations to the Emergency

1 Board concerning the applications, and the Emergency Board may, in its  
2 discretion, increase the ~~six-district~~ 14 active-district limit.

3 \* \* \*

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