

**State Auditor Doug Hoffer Testimony to House Commerce on S.33  
8 April 2021**

Sec. 2 (f) (C) – VEPC can go to the E Board for authority to approve an application that would exceed the four-district limit. The Legislature has set (what is now) the four-district limit in statute. I see no justification for allowing the E Board to effectively override the statute for this reason. No TIF application is that time sensitive.

Sec. 2 (h) (4) (C) – Giving VEPC authority to adopt rules related to brownfields is unnecessary and inappropriate. First, the Dept. of Environmental Conservation (DEC) is charged with dealing with brownfields and statute already contains a definition [10 V.S.A. § 6642]. Furthermore, VEPC has no relevant experience or technical resources to undertake such a task.

Sec. 3 (a) (4) -- This would allow debt for debt, which is prohibited by current statute. It should not be included unless and until the subject is fully vetted.

*“Improvements” also means the funding of debt service interest payments for a period of up to five years, beginning on the date on which the first debt is incurred.*

Sec. 3 (a) (9) (C) (iii) – Projects must meet one of several criteria including that the *“business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the Department of Labor.”*

Prevailing wage is not aspirational (e.g., the median hourly wage is < \$15/hr. for 40k jobs). “Quality” is not defined.

Sec. 3 (a) (10) -- *“Related costs” means expenses incurred and paid by the municipality, exclusive of the actual cost of constructing and financing improvements, that are directly related to the creation and implementation of the project, including reimbursement of sums previously advanced by the municipality for those purposes (emphasis added).*

This is too open ended. In our view, it should be limited to costs associated with the application process.

Sec. 3 (b) – *“Pilot program. Beginning on January 1, 2022 and ending on December 31, 2026, the Vermont Economic Progress Council is authorized to*

*approve a total of not more than 10 tax increment financing projects, with not more than three projects per year.”*

True pilot programs can be evaluated and either terminated or revised. That is not possible in this case because once towns incur long-term debt, they are obligated for 20 years. In addition, as configured, this program authorizes up to \$50 million in investments. That might qualify as a pilot project for the Dept. of Defense, but not for the State of Vermont.

Sec. 3 (d) (1) (B) – Eligibility: *“the proposed infrastructure improvements and the projected development or redevelopment are compatible with confirmed municipal and regional development plans and the project has clear local and regional **significance** for employment, housing, or transportation improvements.”*

“Significance” is not defined.

Sec. 3 (e) (1) (A) -- Approval process. Requires VEPC to *“determine that the infrastructure improvements proposed...would not have occurred...but for the proposed utilization of the incremental tax revenues.”*

Given VEPC’s failure to employ auditable due diligence for VEGI, the legislature should proceed with caution here.

Sec. 3 (m) (2) – Audit provisions are weak and allow VEPC (the authorizing entity) to pass judgment. This is a clear a conflict of interest. At the very least, such audits should be done to GAGAS standards.

No audits by the SAO raises questions about oversight.

Sec. 3 (n) – Gives ACCD the authority to *“issue decisions to a municipality on questions and inquiries concerning the administration of projects, statutes, rules, noncompliance with this section, and any instances of noncompliance identified in audit reports conducted pursuant to subsection (m) of this section.”*

- 1) ACCD is not an objective disinterested party.
- 2) How likely is it that such light audits will identify more than routine problems?
- 3) The process allows VEPC to prepare recommendations for the Secretary. VEPC has demonstrated that it is not objective.