



Memorandum

Date: April 13, 2021

To: Honorable Michael Marcotte, Chair, House Commerce and Economic Development

From: Karen Horn, Director, Public Policy and Advocacy

RE: S. 33, Project Based Tax Increment Financing

I am writing to you on behalf of the 246 cities and towns in Vermont, all of whom are members of the Vermont League of Cities and Towns, to lend our strong support to S. 33, the project based Tax Increment Financing (TIF) pilot funding bill.

Let me apologize for my failed testimony last week due to difficulties with our internet and thank you for the committee's tolerance in listening given the difficulties.

A key issue that was raised in committee last week was that with all the funds flowing to the state from the American Rescue Plan Act (ARPA), it might not be the right time to launch a pilot project based TIF program. We believe it is exactly the correct time to do so.

Consider the Town of Westford, whose effort to construct a wastewater system for the village has been underway for ten years. A soil based sewage system costs hundreds of thousands to millions of dollars based on its particular design and the soil capacity of the selected site.

Westford, with a population of 2193 according to the 2019 American Community Survey, will receive \$209,282 in direct local aid from ARPA. With their proportion of county aid added in (\$436,407), the town's total allocation would equal approximately \$645,689. The estimated cost of the project, according to revised estimates on the Westford Town website is between \$2 and \$2.5 million.

Should the town use its entire ARPA allocation on the soil based sewage system, the debt that would need to be incurred be lowered considerably but not eliminated. The town would still need to borrow funds, increase taxes or impose fees to cover the difference. At the same time, the town would not have funds to replace lost revenues due to COVID-19 or to undertake any other improvement project with ARPA dollars, such as a new municipal building, improved parking, bicycling and pedestrian safety, community water supply, redevelopment of other sites, improving broadband, or potential remediation of contaminated soils (all discussed on the Westford website).

Even with ARPA dollars coming to towns and cities across the state, the needs and lists of potential projects to revitalize their communities have been decades in the making and far outstrip available one-time funds. The project based TIF is a tool that will allow municipalities to undertake one project designed to spur redevelopment in the town center and generate a revenue stream for up to twenty years in order to repay that debt and grow the economy in their communities. We know that success builds on itself. We urge you to create the project based TIF program that would allow a small number of towns to generate and build on that success.