

## S.33 -- Project-Based Tax Increment Financing Districts Vermont Planners Association

Testimony to the Senate Committee on Economic Development,  
Housing and General Affairs  
Seth Jensen, 02/04/2021

*Based on: S.33, as introduced.*



Thank you for inviting testimony from the Vermont Planners Association (VPA) regarding S.33 - An act relating to project-based tax increment financing districts. Developing vibrant Village Centers and Downtowns is one of Vermont's longstanding planning goals. Unfortunately, in much of rural Vermont lack of critical infrastructure such as water, wastewater, and transportation significantly limits Villages and Downtowns from meeting their full potential. Lack of this critical infrastructure hampers economic development by limiting options for growth such as new housing, small businesses, and childcare options.

Tax Increment Financing (TIF) has been a tool to enhance infrastructure in larger communities. Unfortunately, rural communities face significant barriers to accessing Vermont's current TIF program. The Vermont Planners Association supports the concept of creating a project-based TIF program right-sized for smaller communities and tailored for the needs of rural Vermont. A project-based TIF program would create a critical tool for overcoming the infrastructure limitations in rural Village Centers. A project-based TIF program also represents an opportunity to rectify the growing economic imbalances between larger, more urban communities and rural Vermont.

We offer the following specific comments regarding S.33:

- The current language of the bill limits "projects" to "public improvements with a total debt ceiling, including related costs, and principal and interest payments, of not more than \$1,500,000.00." We suggest increasing this cap or eliminating it altogether because this cap would prohibit use of this tool for many common infrastructure projects (such as Westford's wastewater project at \$2.7 million without operation and maintenance costs).
- The current language authorizes three years from approval to incurring debt. Infrastructure projects take significantly longer than three years to build. These projects require piecing together multiple funding sources, educational campaigns, and town-wide votes. We recommend extending this timeline to five years.
- It is unclear what geographic area will be allowed to contribute to the TIF. The TIF district should include the area of the community that has a clear nexus between the public project(s) proposed and the projected property value increases that would result from the public investment.

We recognize that these recommendations may increase the perceived "cost" of the project-based TIF program. However, in reality, without critical infrastructure the incremental growth in assessed valuation would simply not occur. The stagnation of rural communities throughout Vermont represents a very real threat to the Education Fund. The TIF program is not only a sound investment in local

communities and economic development -- It is also one that grows the Education Fund in both the immediate and long term.

**Who we are:**

*VPA is a non-profit advocacy and educational organization of over 150 planners and related professionals. We are dedicated to the advancement of community planning in Vermont at the local, regional, and state levels, to foster vibrant communities and a healthy environment. We are a section of the Northern New England Chapter of the American Planning Association. Our membership is diverse, including municipal planners, regional planning commission staff, private planning consultants, state planning professionals, etc. We also work to coordinate VPA's advocacy and education with other groups involved in planning policy such as VAPDA (VT Association of Planning & Development Agencies), VLCT, and the Agency of Commerce and Community Development. More information is available online at <https://nne.planning.org/sections/vermont>.*