

## COMMUNITY RECOVERY

### Project Based Economic Development Proposal

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- **WHAT:** The creation of a program that enables Vermont’s rural communities to be approved to use municipal and education tax increment from select parcels to fund qualifying infrastructure projects (i.e. stormwater, wastewater, brownfield remediation and redevelopment, projects that reduce TMDL, transportation enhancements) that will spur specific private development. This tool will provide the gap funding to get necessary public improvement projects over the finish line that otherwise haven’t been able to move forward.
- **WHY:** As communities, especially rural communities, work to recover from the devastation COVID-19, they will need all the tools available to spur regional economic development opportunities. Communities with a small tax base will find it more challenging to bond for necessary infrastructure projects or find the matching funds required to leverage federal infrastructure dollars. TIF District designations have been a powerful tools for our regional economic drivers but the required level of planning and execution on a larger scale can be difficult for smaller communities. The unknown ripple effect of COVID-19 make the required planning for 10 years of public infrastructure improvements and anticipated private development even more challenging. This new program expands the opportunity for financing public improvements with tax increment more equitably to rural communities. By limiting this to one project and one incurrence of debt, project based economic development will be simpler and easier to implement, administer, and monitor – and will allow smaller municipalities, where we know development is the hardest, to advance key community driven development and redevelopment opportunities statewide.
- **WHO:** Small, rural communities, rural industrial parks, village centers and downtowns who are outside of a designated TIF district. Communities that have an opportunity coming out of the impacts of COVID-19 to spark economic development and redevelopment in their communities and have a project that needs funding to do so.
  - COVID-19 has created obstacles as well as opportunities for Vermont’s rural communities. Many of Vermont’s smaller communities have a desire to reinvigorate their downtowns and attract the booming remote working population moving out of larger hubs in favor of small towns. These communities are limited by the financial barriers to upgrade the key public infrastructure necessary to allow for private development in their village centers. The small town of Westford has a population of 2,200. Their designated village center has a stagnant grand list and they struggle to create a sense of place for citizens with a center that is underutilized and underdeveloped. The barrier is a lack of wastewater capacity. Westford has invested in the land to build a waste water facility and done the necessary planning and design. They know the cost

and have identified resources that could help pay for this project but they know that there will be a gap and the small community cannot afford the user fees that it would take to bridge that gap. If the community could use incremental tax revenues from the three parcels in the Village Center that are targeted for private development they could successfully complete this project.

- **HOW:** Statutory changes are needed to 24 V.S.A. § 1905 to allow for this.
- **FUNDING:** NONE

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