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- The Committee on Finance to which was referred Senate Bill No. 33 entitled "An act relating to project-based tax increment financing" respectfully reports that it has considered the same and recommends that the bill be amended as follows:
- 6 <u>First</u>: By striking out Sec. 2, 32 V.S.A. § 5404a, in its entirety and inserting in lieu thereof the following:
- 8 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT

## 9 FINANCING DISTRICTS

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

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(b)(1) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality's education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of 10 years. A municipality's property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the subject property and the amount of education property taxes that would have

been collected on such property if its fair market value were taxed at the
equalized nonhomestead rate for the tax year.

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

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- (f) A municipality that establishes a tax increment financing district under 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties contained within the district and apply not more than 70 percent of the State education property tax increment, and not less than 85 percent of the municipal property tax increment, to repayment of financing of the improvements and related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council pursuant to this section, subject to the following:
- (1) In a municipality with one or more approved districts, the Council shall not approve an additional district until the municipality retires the debt incurred for all of the districts in the municipality.

1	(2) The Council shall not approve more than six four districts in the
2	State, and not more than two per county, provided:
3	(A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted
4	against the limits imposed in this subdivision (2).
5	(B) The Council shall consider complete applications in the order
6	they are submitted, except that if during any calendar month the Council
7	receives applications for more districts than are actually available in a county
8	the Council shall evaluate each application and shall approve the application
9	that, in the Council's discretion, best meets the economic development needs
10	of the county.
11	(C) If, while the General Assembly is not in session, the Council
12	receives applications for districts that would otherwise qualify for approval
13	but, if approved, would exceed the six-district four-district limit in the State,
14	the Council shall make one or more presentations to the Emergency Board
15	concerning the applications, and the Emergency Board may, in its discretion,
16	increase the six-district limit.
17	(D) The Council shall not approve more than one district in
18	Bennington County and one district in Washington County.
19	* * *
20	(4) In any year that the assessed valuation of real property in a district
21	decreases in comparison to the original taxable value of the real property in a

1	district, a municipality shall pay the amount equal to the tax calculated based
2	on the original taxable value to the Education Fund.
3	* * *
4	(h) To approve utilization of incremental revenues pursuant to subsection
5	(f) of this section:
6	* * *
7	(4) Project criteria. Determine that the proposed development within a
8	tax increment financing district will accomplish at least three of the following
9	five criteria:
10	* * *
11	(C) The project will affect the remediation and redevelopment of a
12	brownfield located within the district. <u>In the case of a brownfield, the Vermont</u>
13	Economic Progress Council is authorized to adopt rules pursuant to subsection
14	(j) of this section to clarify what is a reasonable improvement, as defined in
15	24 V.S.A. § 1891, to remediate and stimulate the development or
16	redevelopment in the district. As used in this section, "brownfield" means an
17	area in which a hazardous substance, pollutant, or contaminant is or may be
18	present, and that situation is likely to complicate the expansion, development,
19	redevelopment, or reuse of the property.
20	* * *

1	Second: In Sec. 3, tax increment financing project development; pilot
2	program, in subsection (a), in subdivision (2), by striking out "district" and
3	inserting in lieu thereof project after "coordinate a" and "the life of a", and by
4	striking out subsection (b) in its entirety and inserting in lieu thereof the
5	following:
6	(b) Pilot program. Beginning on January 1, 2022 and ending on December
7	31, 2026, the Vermont Economic Progress Council is authorized to approve a
8	total of not more than 10 tax increment financing projects, with not more than
9	three projects per year; provided, however, that there shall not be more than
10	one project per municipality.
11	Third: By adding a new Sec. 4, 24 V.S.A. § 1891, to read as follows:
12	Sec. 4. 24 V.S.A. § 1891 is amended to read:
13	§ 1891. DEFINITIONS
14	When used in this subchapter:
15	* * *
16	(4) "Improvements" means the installation, new construction, or
17	reconstruction of infrastructure that will serve a public purpose and fulfill the
18	purpose of tax increment financing districts as stated in section 1893 of this
19	subchapter, including utilities, transportation, public facilities and amenities,
20	land and property acquisition and demolition, and site preparation.
21	"Improvements" also means the funding of debt service interest payments for a

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period of up to five years, beginning on the date in which the first debt is incurred.

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(7) "Financing" means debt incurred, including principal, interest, and any fees or charges directly related to that debt, or other instruments or borrowing used by a municipality to pay for improvements in a tax increment financing district, only if authorized by the legal voters of the municipality in accordance with section 1894 of this subchapter. Payment for the cost of district improvements and related costs may also include direct payment by the municipality using the district increment. However, such payment is also subject to a vote by the legal voters of the municipality in accordance with section 1894 of this subchapter and, if not included in the tax increment financing plan approved under subsection 1894(d) of this subchapter, is also considered a substantial change and subject to the review process provided by subdivision 1901(2)(B) of this subchapter. If interfund loans within the municipality are used as the method of financing, no interest shall be charged. Bond anticipation notes may be used as a method of financing and may qualify as a district's first incurrence of debt. A municipality that uses a bond anticipation note during the fifth year or tenth year that a district may incur debt pursuant to section 1894 of this title shall incur all permanent financing not more than one year after issuing the bond anticipation note.

1	* * *
2	Fourth: By adding a Sec. 5, 24 V.S.A. § 1895, to read as follows:
3	Sec. 5. 24 V.S.A. § 1895 is amended to read:
4	§ 1895. ORIGINAL TAXABLE VALUE
5	(a) Certification. As of the date the district is created, the lister or assessor
6	for the municipality shall certify the original taxable value and shall certify to
7	the legislative body in each year thereafter during the life of the district the
8	amount by which the total valuation as determined in accordance with
9	32 V.S.A. chapter 129 of all taxable real property located within the tax
10	increment financing district has increased or decreased relative to the original
11	taxable value.
12	(b) Boundary of the district. Any parcel within a district shall be located
13	wholly within the boundaries of a district. No adjustments to the boundary of a
14	district are permitted after the approval of a tax increment financing district
15	plan as described in section 1894 of this title.
16	and by renumbering the remaining section to be numerically correct.
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20	(Committee vote:)

1	
2	Senator

(Draft No. 1.2 – S.33)

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FOR THE COMMITTEE