

Agency of Commerce and Community Development

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TO: Senator Ann Cummings

CC: Senator Michael Sirotkin

FROM: Abbie Sherman, Executive Director, Vermont Economic Progress Council

DATE: March 25, 2022

RE: H.159 Clarification – Tax Increment Financing

Madame Chair,

In anticipation of H.159 passing from the Senate Economic Development Committee to the Senate Finance Committee in the few days, I am requesting some time to discuss clarifications and edits in the bill. Below is an outline of my concerns:

1. Sections 6 and 7 amend 24 VSA 1892(d) and 32 VSA 5404a(f) include language that was meant to update the number of new TIF Districts VEPC may approve as outlined in Act 69 (2017). However, there is a section of statute that is omitted from the bill which, when combined with the rest of 32 VSA 5404a(f), causes some issues that I believe were unforeseen. The issues are identical to those that I outlined in an earlier memo I copied you on regarding S.33 (attached).
2. Section 7, 32 VSA 5404a(b)(2) could be interpreted to mean tax increment for all property within the TIF District must be calculated on the assessed value rather than taxable value, including those parcels that are municipally owned and do not pay property taxes. I am requesting the language be revised so that this calculation applies only to those parcels that have a tax stabilization agreement.
3. Section 7, 32 VSA 5404a(f)(4) could be interpreted to calculate tax increment by each parcel, rather than the current practice of calculating based on the aggregate value of all parcels within the TIF District. This could have some unintended consequences, including eliminating the possibility for TIF Districts to remediate brownfields. I am requesting that the word “aggregate” be added to this section.
4. Section 7, 32 VSA 5404a(h)(4)(C) adds clarifying language regarding brownfields. Rather than leaving this open for VEPC to interpret legislative intent, I am requesting that the revised language be changed to, “For environmental remediation of a brownfield, this shall include the cost of the site preparation needed to stimulate the development or redevelopment in the tax increment financing district as identified in clean-up documentation approved by a regulatory agency.” This is identical to the revised text that the House Commerce and Economic Development Committee added to S.33 last year.

5. Section 8, Tax Increment Financing Project Development; Pilot Program. There are various edits, including duplicative text, that I would like to discuss with the Committee to ensure that VEPC can properly interpret statute when implementing the program.
6. Section 9, 24 VSA 1891(7), the added text “related costs” would better clarify the definition of financing by placing it in the first sentence after “improvements” and striking out “related costs” in the second sentence.

