1   S.296

2   Introduced by Senator Harrison

3   Referred to Committee on

4   Date:

5   Subject: Taxation and finance; education property tax; tax increment

6   financing; municipal and county government; indebtedness;

7   Community and Housing Infrastructure Program; development

8   agreement

9   Statement of purpose of bill as introduced: This bill proposes to require

10   minimum protections for municipalities in development agreements

11   undertaken for projects financed by tax increment financing, including a tax

12   increment guarantee secured to the satisfaction of the municipality.

13   An act relating to development agreements for tax increment financing

14   It is hereby enacted by the General Assembly of the State of Vermont:

15   Sec. 1. 24 V.S.A. § 1902 is added to read:

16   § 1902. DEVELOPMENT AGREEMENT; MUNICIPAL PROTECTIONS

17   (a) Guarantee. A developer for a project financed with tax increment

18   financing shall guarantee in its development agreement with the municipality

19   that the project will generate sufficient tax increment to fund the municipality's

20   debt service payments on its financing for the project for the duration of the

1   TIF district or housing development site. If the developer has no assets of its

2   own, the parent company of the developer that owns project assets shall

3   provide the same guarantee.

4   (b) Security. The guarantee shall be secured to the satisfaction of the

5   municipality and may be evidenced by a letter of credit, performance bond,

6   special assessment lien, mortgage, personal or corporate guarantee, or

7   alternative form of security satisfactory to the municipality.

8   (c) Additional protections. A developer for a project financed with tax

9   increment financing shall additionally provide at least one of the following

10   provisions in its development agreement with the municipality:

11   (1) a protection for the taxable value of the property subject to

12   development, such as casualty insurance, reconstruction in the event of

13   destruction, or a prohibition on contesting the property's assessed value;

14   (2) a protection to ensure the municipality may proceed with the project

15   on its own in the event of developer failure, such as license or ownership of

16   engineering or architectural plans; or

17   (3) an equity position in the developer, such as through a profit-sharing

18   arrangement.

19   Sec. 2. 24 V.S.A. § 1909 is amended to read:

20   § 1909. HOUSING INFRASTRUCTURE AGREEMENT

1   (a) The housing infrastructure agreement for a housing infrastructure

2   project shall:

3   (1) clearly identify the sponsor for the housing infrastructure project;

4   (2) clearly identify the developer and the housing development for the

5   housing development site;

6   (3) obligate the tax increments retained pursuant to section 1910c of this

7   subchapter for not more than the financing and related costs for the housing

8   infrastructure project;

9   (4) provide that any housing unit within the housing development be

10   offered exclusively as a primary residence until all indebtedness for the

11   housing infrastructure project of which the housing development is part has

12   been retired, provided that this condition shall be satisfied by biennially

13   providing a landlord certificate or homestead declaration; ~~and~~

14   (5) provide for performance assurances to reasonably secure the

15   obligations of all parties under the housing infrastructure agreement; and

16   (6) comply with the requirements for development agreements pursuant

17   to section 1902 of this title.

18   (b) A municipality shall provide notice of the terms of the housing

19   infrastructure agreement for the municipality's housing infrastructure project

20   to the legal voters of the municipality and shall provide the same information

21   as set forth in subsection 1910a(e) of this subchapter.

1   Sec. 3. EFFECTIVE DATE

2   This act shall take effect on passage.