House Ways and Means Committee Hearing May 7, 2025

Testimony from Lori Hirshfield, Director, Town of Hartford Department of Planning and Development

S.127 Bill - Proposed Changes to Current TIF Statute: Debt Occurrence in Final Year of TIF District, 24 VSA 1894 (a) to add new subsection (4)

Introduction

VEPC May 5, 2025 presentation to the House Ways and Means Committee included proposed changes to the Current TIF Statute in S.127 Bill.

One of the proposed amendments addresses obtaining bond financing in the TIF District's final year of debt incurrence.

Background

Act 72 was passed in 2023 to provide clarifications to TIF statute. One such clarification was a TIF District's ability to use interim financing (BANs). The language clarified that TIF Districts could use a BAN for financing but it would not count as first incurrence of debt. Part of the reason for adding this language was to address the issue that TIF Districts have with the timing of Town Meeting for last bond vote and subsequent issuance of the debt financing.

Any bond article that passes at Town Meeting could be petitioned for a revote by voters and therefore, TIF Districts need to wait for that 30-day period to pass before seeking permanent financing. That 30-day period for a TIF District in its final year would be March 31st which is less than 30 days past bond vote.

The unintended result for some TIF Districts would be the TIF District having to pursue bond approval at least a year or more earlier.

Illustrative Example:

- TIF District debt incurrence period ends March 31, 2026
- Using existing voting cycles - November 2024 General Election or Town Meeting March 2025. No General Election in November 2025

The adverse impacts - having less time to incur debt than the TIF District was approved for, incurring considerable cost and time for special elections, and bonding for projects before ready to implement.

Act 72 TIF Statute amendment (in 2023) was in part intended to use a BAN (interim financing) to bridge that gap. However, a question has arisen since then regarding ambiguities in the 2023 language and other language in TIF statute.

As a result, the following draft language has been put forth to amend 24 VSA 1894 (a) to add new subsection (4) to address the ambiguities and address the debt incurrence issue in the final year of a TIF District.

Attorney John Kessler recently reviewed this question in a memorandum outlining the TIF statute and rule, noting some ambiguities in meaning. To address this issue, he suggests the question be brought to the legislature to seek clear guidance. His memorandum, which also responds to a proposal (provided by Lori Hirshfield to address these ambiguities) states: "taking into account all reasonable assumptions on legislative intent and program administration, the proposed amendment from Lori Hirshfield seems reasonable and effective to me.". VEPC Council was briefed about the issue at its last meeting and expressed support for Hartford's proposal to address the issue.

Note: Some suggested changes are proposed to the previous draft language to make clear no further approval needed by the Legislative Body (see red highlight text).

> Original draft language put forth for new subsection (4):
>
> (4)The debt incurrence period may be extended not more than 6 months solely for the purpose of obtaining final bond financing when voter bond authorization is granted by March 31st in the TIF District's final year of debt incurrence.
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> Suggested modification:
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> The debt incurrence period is extended automatically by 6 months solely for the purpose of obtaining final bond financing when voter bond authorization is granted by March 31st in the TIF District's final year of debt incurrence.

This proposed amendment does not extend the time period for receiving Education tax increment.

Thank you for your time and consideration of this amendment for all TIF Districts.