Vermont Economic Progress Council (VEPC)

Tax Increment Financing (TIF)

House Ways and Means
May 1, 2025

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VEPC's Role

Legislative Intent

- Established in 24 VSA Chapter 53, Subchapter 5 and 32 VSA § 5404a
- VEPC does not promote or market TIF
- Tasked with evaluating, authorizing, and overseeing TIF applications and substantial change requests
- 2 FTE-One Executive Director and One Program Manager
- 11 members from throughout the State of Vermont-One member from House-Rep. Abbey Duke One member from Senate-Sen. Wendy Harrison

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Neutral, Objective Administrator

- VEPC applies legislative criteria — We do not provide advocacy; Our bylaws provide that the RDC’s and RPC’s serve that role
- Independent Council
- Staff receives administrative, legal and budgeting support through ACCD
- Evaluates Feasibility Analysis and reasonableness of TIF Financing plans prepared by proposed TIF Districts-VEPC hires Jeff Carr, Executive Branch Economist to perform in depth economic analysis

TIF: Long-Term Investment in the Ed Fund

Annual view obscures long-term benefits

Completed districts grow tax base permanently

TIF supports sustained Ed Fund growth over time

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30% Increment Retained by Ed Fund

- Ed Fund receives at least 30% of new increment annually
- In many cases, exceeds background growth
- Incorrect to claim Ed Fund sees no gain during TIF period

Development is Not Likely to Relocate

Location-specific: Burlington Waterfront, Killington, UVM Housing

These Projects Aren't Likely Simply Relocate Elsewhere In The State

State Planning Goals Are Not Location-neutral

TIF as a Catalyst for Investment

- TIF often unlocks other funding: grants, private investment
- Without TIF commitment, many projects would not proceed
- Serves as critical foundation in complex funding structures

TIF vs. Appropriations

- TIF enables long-term, community-driven infrastructure planning

- TIF is not “taking” money from the Ed Fund, it’s using a revenue stream that would not otherwise exist.

- Grants or Appropriations while helpful in building the necessary capital stacks, are not the same as the long-term visions and municipal planning necessary to create a 20-year TIF District. TIF is a transformative tool for long term municipal planning.

Federal Funding is Unpredictable

- Federal grants are competitive and not predictable, especially in this current
- Not a reliable substitute for long-term municipal infrastructure planning
- TIF offers local control and predictability

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Proposed Changes to the Current TIF Statute

- 24 V.S.A. § 1891 (4) "Improvements" means the installation, new construction, or reconstruction of infrastructure that will serve a public purpose and fulfill the purpose of tax increment financing districts as stated in section 1893 of this subchapter, including utilities, transportation, public facilities and amenities, land and property acquisition and demolition, ~~and~~ site preparation., including brownfield remediation, and public or private flood-resilience measures. "Improvements" also means the funding of debt service interest payments for a period of up to ~~two~~ four years, beginning on the date on which the first debt is incurred.
- 24 V.S.A. § 1892 (b) When adopted by the act of the legislative body of that municipality, the plan shall be recorded with the municipal clerk and lister or assessor, and the creation of the district shall occur at 12:01 a.m. on April 1 of the calendar year so voted by the ~~municipal legislative body~~ Vermont Economic Progress Council or one year later, if requested by the municipality.
- 24 VSA 1894 (a) is amended to read:
  - (a) Incurring indebtedness.
  - (1) A municipality approved under 32 V.S.A. § 5404a(h) may incur indebtedness against revenues of the tax increment financing district at any time during a period of up to five years following the creation of the district. If no debt is incurred during this five-year period, the district shall terminate, unless the Vermont Economic Progress Council grants an extension to a municipality pursuant to subsection (d) of this section. However, if any indebtedness is incurred within the first five years after the creation of the district, then the district has a total of ten years after the creation of the district to incur any additional debt.
  - (2) Any indebtedness incurred under subdivision (1) of this subsection may be retired over any period authorized by the legislative body of the municipality.
  - (3) The district shall continue until the date and hour the indebtedness is retired or, if no debt is incurred, five years following the creation of the district.
  - (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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Closing Thoughts

- VEPC operates within the statutory framework set by the Legislature
- Council members take this responsibility very seriously and see their role as being stewards of the Ed Fund.
- TIF is structured, regulated, and supports state/local goals by targeting growth using specific criteria
- An example of this is the Winooski TIF which has recently ended it's TIF district

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