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STATE AUDITOR



STATE OF VERMONT  
OFFICE OF THE STATE AUDITOR

To: Senate Finance Committee

From: Doug Hoffer, State Auditor

Re: H.933 - Burlington Waterfront TIF District

Date: April 14, 2026

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During the 30-year life of the Waterfront TIF District (1996 to 2025), the City retained approximately \$30 million of education tax increment. It's not clear how much education and municipal tax increment the City plans to keep from FY2026 to FY2035, the extension period authorized by the Legislature for three parcels, but it could be as much as \$16 million of education tax increment.

According to the City's most recent annual report to the Vermont Economic Progress Council (VEPC), the City intends to borrow \$18.8 million to pay for these costs with potential interest costs of \$7.4 million.

When the Legislature extended the City's retention of tax increment for three properties to FY2035 (Act 134 in 2016), the percentages of education and municipal tax increment that could be retained and the original taxable value (OTV) to be used to calculate incremental value was not specified. In our 2023 Waterfront TIF District audit, we recommended that the Legislature address these items.

Currently, the City of Burlington is requesting that the education and municipal tax increment retention percentages be set at 75 percent and 100 percent, respectively. **We note that TIF Districts established after 2017 may only retain 70 percent of the education tax increment and at least 85 percent of municipal tax increment.**

**The City has not asked that OTV be specified but we believe that it should be addressed as the value at various points in time makes a difference in terms of the amount of funds diverted from the Education Fund.** Options for OTV include the date the Waterfront TIF district was extended to Church Street (1997) or the date the Legislature approved the expansion of the district for the three properties (2016). If 1997 is used to establish OTV, note that the City treated the mall garage parcel as non-taxable which was incorrect. Subsequently, our audit highlighted this error and the City corrected OTV for this parcel to 956,600.

To our knowledge, the City has not provided explanatory details such as a financial viability analysis to justify that 75 percent of the education tax increment needs to be retained or whether 75 percent will be sufficient to repay TIF debt.

To consider and assess the City's request for 75 percent retention, we suggest the Committee request the following from the City:

- Update on the timeline of the Phase II private development (the two parcels owned by Don Sinex, SPANs 044-4-004.000 and 044-4-004.001)
- Expected completion date for the North Tower and anticipated assessed value upon completion
- The date and values for OTV for the three properties
- Financial projections scenarios for the TIF District FY2026-FY2035, showing for each year the estimated assessed values of each of the three properties, tax increment, non-TIF revenues, if any, and debt payments and related costs.
  - Scenario 1: 75 percent retention for education tax increment and 100 percent for municipal tax increment
  - Scenario 2: 70 percent retention for education tax increment and 100 percent for municipal tax increment

With this additional information in hand, the Joint Fiscal Office and VEPC can tell the committee what the financial implications are of the options both for the allowed retention percentage and the OTV for the parcels.

cc: Ted Barnett, Joint Fiscal Office  
Jessica Hartleben, VEPC  
Tanya Morehouse, Chief Auditor