

1 H.225

2 Introduced by Representatives Trombley of Grand Isle, Hubert of Milton,

3 Johnson of S. Hero and Turner of Milton

4 Referred to Committee on

5 Date:

6 Subject: Municipal and county government; indebtedness; tax increment

7 financing

8 Statement of purpose: This bill proposes to eliminate the provision in tax  
9 increment financing that all borrowing must occur in the first five years and  
10 eliminate the provision requiring voters to approve the entire tax increment  
11 financing package in one vote.

12 An act relating to tax increment financing

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

14 Sec. 1. 24 V.S.A. § 1891(7)(F) is added to read:

15 (F) Other types of debt approved in advance by the Vermont  
16 economic progress council.

17 Sec. 2. 24 V.S.A. § 1893 is amended to read:

18 § 1893. PURPOSE

19 The purpose of tax increment financing districts is to provide revenues for  
20 improvements that serve the district and related costs, which will stimulate

1 development or redevelopment within the district, provide for employment  
2 opportunities, improve and broaden the tax base, provide energy efficiency or  
3 alternative energy improvements, or enhance the general economic vitality of  
4 the municipality, the region, or the state

5 Sec. 3. 24 V.S.A. § 1894 is amended to read:

6 § 1894. POWER AND LIFE OF DISTRICT

7 (a) Incurring indebtedness.

8 (1) A municipality may incur indebtedness against revenues of the tax  
9 increment financing district at any time during a period of up to 20 years  
10 following the creation of the district, if approved as required under subsection  
11 5404a(h) of Title 32. The creation of the district shall occur at 12:01 a.m. on  
12 April 1 of the year so voted. Any indebtedness incurred during this 20-year  
13 period may be retired over any period authorized by the legislative body of the  
14 municipality under section 1898 of this title.

15 (2) If no indebtedness is incurred within the first ~~five~~ ten years after  
16 creation of the district, no indebtedness may be incurred unless the  
17 municipality obtains reapproval from the Vermont economic progress council  
18 under subsection 5404a(h) of Title 32.

19 (3) The district shall continue until the date and hour the indebtedness is  
20 retired.

1 (b) Use of the education property tax increment. For any debt incurred  
2 ~~within the first five years~~ after the creation of the district, or ~~within the first~~  
3 ~~five years~~ after reapproval by the Vermont economic progress council, but for  
4 no other debt, the education tax increment may be retained for up to 20 years  
5 beginning with the initial date of the creation of the district or on the date of  
6 the first debt incurred ~~within the first five years,~~ at the discretion of the  
7 municipality.

8 \* \* \*

9 Sec. 4. 24 V.S.A. § 1897(a) is amended to read:

10 (a) The legislative body may pledge and appropriate in equal proportion  
11 any part or all of the state and municipal tax increments received from  
12 properties contained within the tax increment financing district for the  
13 financing for improvements and for related costs in the same proportion by  
14 which the infrastructure or related costs directly serve the district at the time of  
15 approval of the project financing by the council, and in the case of  
16 infrastructure essential to the development of the district that does not  
17 reasonably lend itself to a proportionality formula, the council shall apply a  
18 rough proportionality and rational nexus test; provided, that if any tax  
19 increment utilization is approved pursuant to 32 V.S.A. § 5404a(f), no more  
20 than 75 percent of the state property tax increment and no less than an equal  
21 percent of the municipal tax increment may be used to service this debt. Bonds

1 shall only be issued if the legal voters of the municipality, by a majority vote  
2 of all voters present and voting on the question at a special or annual municipal  
3 meeting duly warned for the purpose, give authority to the legislative body to  
4 pledge the credit of the municipality for these purposes. Notwithstanding any  
5 provision of any municipal charter, the legal voters of a municipality, ~~by a~~  
6 ~~single vote,~~ shall authorize the legislative body to pledge the credit of the  
7 municipality up to a specified maximum dollar amount for all debt obligations  
8 to be financed with state property tax increment pursuant to approval by the  
9 Vermont economic progress council and subject to the provisions of this  
10 section and 32 V.S.A. § 5404a.

11 Sec. 5. EFFECTIVE DATE

12 This act shall be retroactive to July 1, 2008.