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H.548

Introduced by Representatives Marcotte of Coventry, Bancroft of Westford,
Botzow of Pownal, Hooper of Brookfield, Kimbell of
Woodstock, McCoy of Poultney, Myers of Essex, Sibia of
Dover, Smith of Derby, Sullivan of Dorset, Turner of Milton,
and Viens of Newport City

Referred to Committee on

Date:

Subject: Taxation; tax increment financing

Statement of purpose of bill as introduced: This bill proposes to amend the
limits imposed on the number of TIF districts approved by the Vermont
Economic Progress Council.

An act relating to ~~limiting additional TIF districts~~ *tax increment financing districts*

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

~~Sec. 1. 32 V.S.A. § 5404a(f) is amended to read:~~

~~(f) A municipality that establishes a tax increment financing district under
24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
contained within the district and apply not more than 70 percent of the State
education property tax increment, and not less than 85 percent of the municipal~~

1 ~~property tax increment, to repayment of financing of the improvements and~~
2 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by
3 the Vermont Economic Progress Council pursuant to this section, subject to the
4 following:

5 (1) In a municipality with one or more approved districts, the Council
6 shall not approve an additional district until the municipality retires the debt
7 incurred for all of the districts in the municipality.

8 (2) The Council shall not approve more than six districts in the State,
9 and not more than two per county, provided:

10 (A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted
11 against the limits imposed in this subdivision (2).

12 (B) The Council shall consider complete applications in the order
13 they are submitted, except that if during any calendar month the Council
14 receives applications for more districts than are actually available in a county,
15 the Council shall evaluate each application and shall approve the application
16 that, in the Council's discretion, best meets the economic development needs
17 of the county.

18 (C) If, while the General Assembly is not in session, the Council
19 receives applications for districts that would otherwise qualify for approval
20 but, if approved, would exceed the six-district limit in the State, the Council
21 shall make one or more presentations to the Emergency Board concerning the

1 ~~applications, and the Emergency Board may, in its discretion, increase the six-~~
2 ~~district limit.~~

3 (3)(A) A municipality shall immediately notify the Council if it resolves
4 not to incur debt for an approved district within five years of approval or a
5 five-year extension period as required in 24 V.S.A. § 1894.

6 (B) Upon receiving notification pursuant to subdivision (A) of this
7 subdivision 3, the Council shall terminate the district and may approve a new
8 district, subject to the provisions of this section and 24 V.S.A. chapter 53,
9 subchapter 5.

10 (4) Notwithstanding the limits on new districts imposed in this
11 subsection, after the Council has approved six additional districts, any
12 municipality may submit to the Council an application for a district pursuant to
13 the provisions of this section and 24 V.S.A. chapter 53, subchapter 5. The
14 Council shall consider the application, and if it determines that the application
15 otherwise qualifies for approval, the Council shall submit the application and
16 supporting materials to the General Assembly for its consideration of whether
17 to approve the additional district by statute.

18 ~~Sec. 2. EFFECTIVE DATE~~

19 ~~This act shall take effect on passage.~~

Sec. 2. TAX INCREMENT FINANCING; METRICS; REPORT

~~(a) On or before December 15, 2018, the Vermont Economic Progress~~

~~Council, in consultation with the Agency of Commerce and Community Development, the Department of Taxes, the State Auditor, the consulting Legislative Economist, and the Joint Fiscal Office, shall develop metrics to evaluate:~~

~~(1) the regional and statewide economic impact of existing tax increment financing districts; and~~

~~(2) the projected regional and statewide economic benefits that would result from a newly created tax increment financing district.~~

~~(b) On or before January 15, 2019, the Vermont Economic Progress Council shall prepare and present to the House Committees on Commerce and Economic Development and on Ways and Means, and the Senate Committees on Economic Development, Housing and General Affairs and on Finance draft legislation incorporating the metrics described in subsection (a) of this section as part of the criteria used to evaluate a municipality's application for a tax increment financing district.~~

~~Sec. 3. TAX INCREMENT FINANCING; SMALL TOWN; STUDY~~

~~(a) On or before January 15, 2019, the Agency of Commerce and Community Development, in consultation with interested stakeholders, shall study the creation of a tax increment financing program or alternative economic development tool that achieves a similar goal that would be targeted at promoting economic development and affordable housing in towns with a~~

~~population at or below 4,000. The study may include:~~

~~(1) options for how to sustain a tax increment financing district or alternative economic development program in towns with a small tax base; and~~

~~(2) a consideration of whether a population size at or below 4,000 would be appropriate for the program.~~

~~(b) The Secretary of Commerce and Community Development shall submit a report to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance with recommendations on the feasibility of the program described in subsection (a) of this section, and if feasible, how the program would be implemented.~~

~~Sec. 4. 24 V.S.A. § 1892 is amended to read:~~

~~§ 1892. CREATION OF DISTRICT~~

~~* * *~~

~~(g) Beginning in 2019 and annually thereafter, on or before January 15 of each year, the Joint Fiscal Office, with the assistance of the consulting Legislative Economist, the Department of Taxes, and the Agency of Commerce and Community Development in consultation with the Vermont Economic Progress Council, shall examine the recommendations and conclusions of the tax increment financing capacity study and report created pursuant to~~

~~subsection (e) of this section and shall submit to the Emergency Board and to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance an updated summary report that includes:~~

~~(1) an assessment of any material changes from the initial report concerning TIFs and other tools and an assessment of the health and sustainability of the tax increment financing system in Vermont;~~

~~(2) short-term and long-term projections on the positive and negative fiscal impacts of the TIF districts or other tools, as applicable, that are currently active or authorized in the State;~~

~~(3) a review of the size and affordability of the net indebtedness for TIF districts and an estimate of the maximum amount of new long-term net debt that prudently may be authorized for TIF districts or other tools in the next fiscal year. [Repealed.]~~

~~(h) Annually, based on the analysis and recommendations included in the reports required in this section, the General Assembly shall consider the amount of new long-term net debt that prudently may be authorized for TIF districts in the next fiscal year and determine whether to expand the number of TIF districts or similar economic development tools in addition to the previously approved districts referenced in subsection (d) of this section and the six additional districts authorized by 32 V.S.A. § 5404a(f). [Repealed.]~~

~~Sec. 5. EFFECTIVE DATE~~

~~This act shall take effect on passage.~~

Sec. 1. TAX INCREMENT FINANCING; METRICS; REPORT

(a) On or before December 15, 2018, the Vermont Economic Progress Council, in consultation with the Agency of Commerce and Community Development, the Department of Taxes, the State Auditor, the consulting Legislative Economist, and the Joint Fiscal Office, shall develop metrics to evaluate:

(1) the local economic impact of existing tax increment financing districts and the projected local economic benefits that would result from a newly created tax increment financing district;

(2) the regional economic impact of existing tax increment financing districts and the projected regional economic benefits that would result from a newly created tax increment financing district; and

(3) the statewide economic impact of existing tax increment financing districts and the projected statewide economic benefits that would result from a newly created tax increment financing district.

(b) On or before January 15, 2019, the Vermont Economic Progress Council shall prepare and present to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance draft

legislation incorporating the metrics described in subsection (a) of this section as part of the criteria used to evaluate a municipality's application for a tax increment financing district.

*Sec. 2. VERMONT ECONOMIC PROGRESS COUNCIL; ECONOMIC
DEVELOPMENT; STUDY*

(a) On or before January 15, 2019, the Vermont Economic Progress Council, in consultation with interested stakeholders, shall study the creation of a statewide economic development tool that achieves the same goals of the tax increment financing program of promoting economic development and expanding affordable housing, but that does not utilize resources from the Education Fund. The study shall include options for how to sustain such an economic development program in towns with both small and large populations.

(b) The Secretary of Commerce and Community Development shall submit a report to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance with recommendations on the feasibility of the program described in subsection (a) of this section, and if feasible, how the program would be implemented.

Sec. 3. 24 V.S.A. § 1892 is amended to read:

§ 1892. CREATION OF DISTRICT

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(g) Beginning in ~~2019~~ 2021 and ~~annually~~ every four years thereafter, on or before January 15 of each year, the Joint Fiscal Office, with the assistance of the consulting Legislative Economist, the Department of Taxes, and the Agency of Commerce and Community Development in consultation with the Vermont Economic Progress Council, shall examine the recommendations and conclusions of the tax increment financing capacity study and report created pursuant to subsection (e) of this section, and shall submit to the Emergency Board and to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance an updated summary report that includes:

* * *

(h) ~~Annually~~ Beginning in 2021 and every four years thereafter, based on the analysis and recommendations included in the reports required in this section, the General Assembly shall consider the amount of new long-term net debt that prudently may be authorized for TIF districts in the next fiscal year and determine whether to expand the number of TIF districts or similar economic development tools in addition to the previously approved districts referenced in subsection (d) of this section and the six additional districts authorized by 32 V.S.A. § 5404a(f).

Sec. 4. EFFECTIVE DATE

This act shall take effect on passage.