

Vermont Economic Progress Council

Abbie Sherman, Executive Director
Presentation to House Commerce Committee
1/13/2022



John Davis, Chair - South Burlington - 3/31/2023

Michael Keane - No. Bennington - 3/31/2025

Thaddeus Richardson - Lyndonville - 3/31/2023

Rachel Smith - St. Albans - 3/31/2025

Heather Chase - Chester - 03/31/2025

Mark Nicholson - Barre - 03/31/2025

John Russell - Rutland - 03/31/2023

Michael Donohue - Shelburne - 03/31/2025

Vacancy - 03/31/2023

General Assembly Appointees

Rep. Charlie Kimbell - Windsor - House of Representatives
Appointee

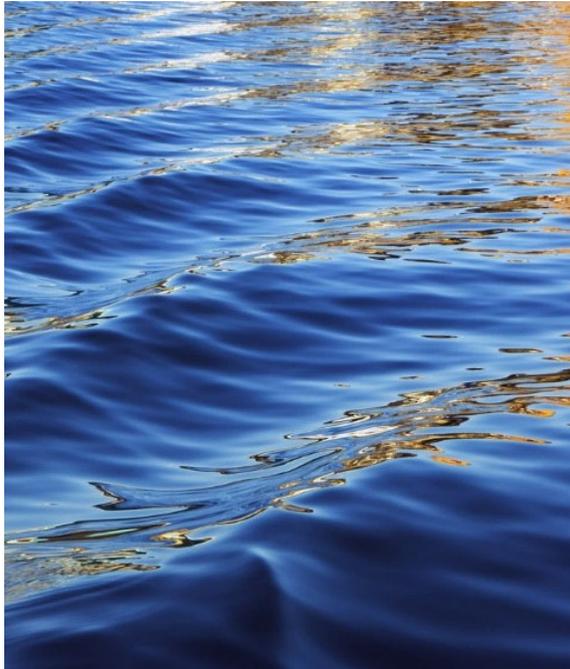
Sen. Cheryl Hooker - Rutland - Senate Appointee

Each county in Vermont has 2 non-voting members
representing the Regional Development Corporation and the
Regional Planning Commission.

Council Members



Vermont Economic Growth Incentive



Approval Criteria

- Net New Revenue to the State
- Municipality welcomes the new business
- The business complies with State laws and regulations
- Project complies with Town and Regional Plans
- Business does not operate in a limited local market
- But for the incentive, the proposed economic activity: (A) would not occur; or (B) would occur in a significantly different manner that is significantly less desirable to the State.

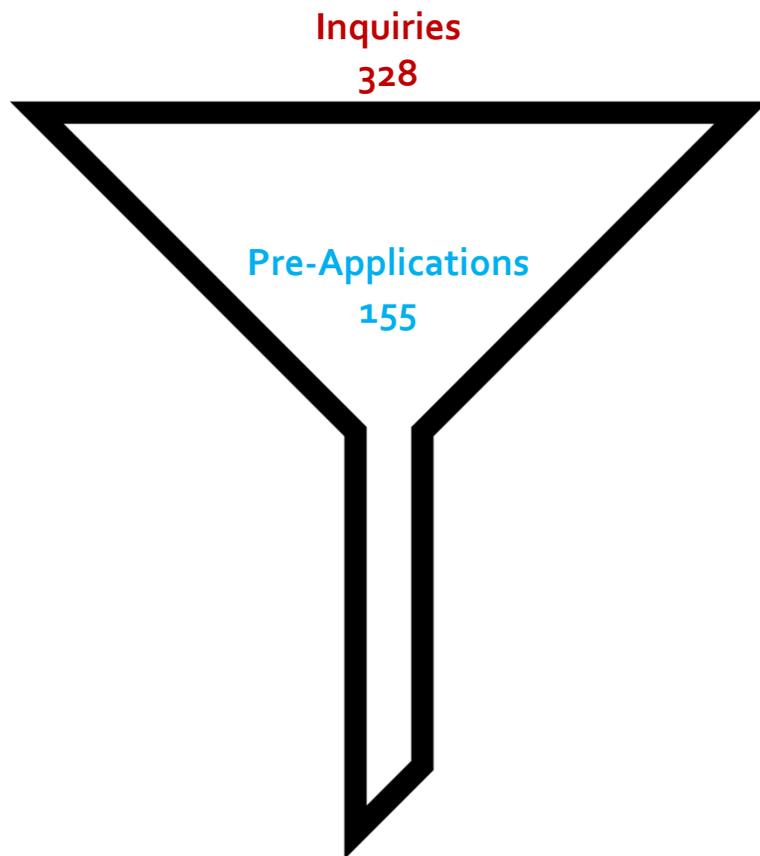
VEGI Enhancements

GREEN ENHANCEMENT

- Businesses primarily engaged in research, design, engineering, development, or manufacturing related to the green economy.
- VEGI incentive calculation will use a 90% Incentive Ratio (instead of the normal 80)

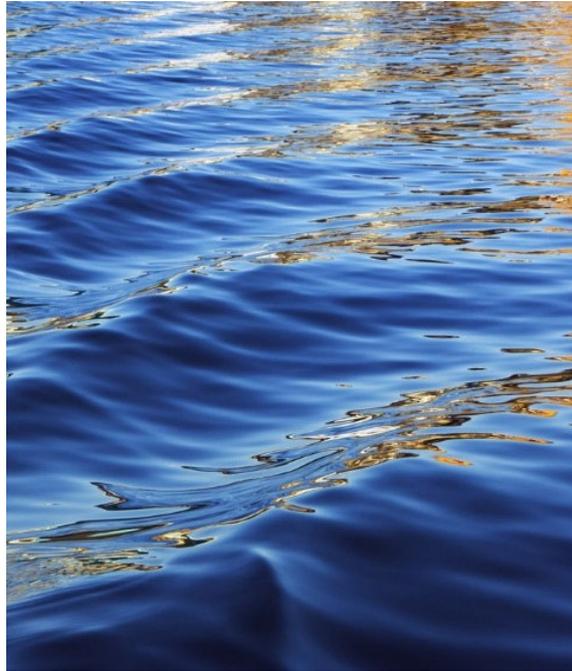
LMA ENHANCEMENT

- VEPC Board has the discretion to increase an incentive amount in an economically distressed region.
- \$1,000,000 cap in any calendar year, unless increased by the Joint Fiscal Committee
- VEGI Incentive calculation up to 100% Incentive Ratio.



Applications - 141

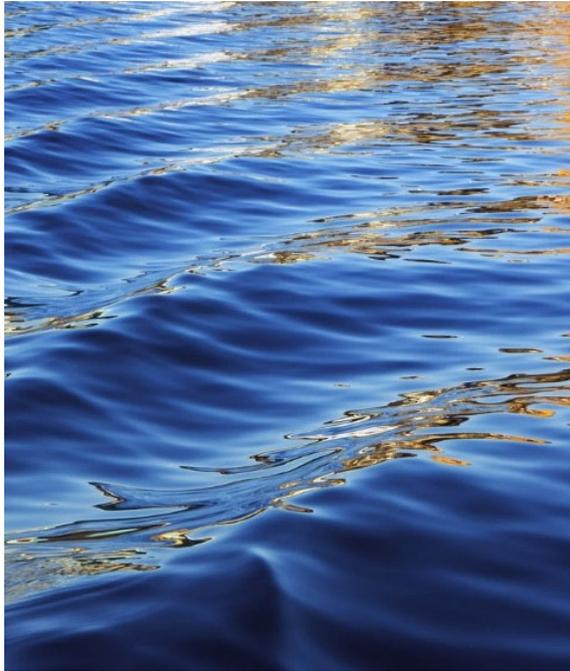
Funnel of Applications



VEGI Claims



2021 VEGI Annual Report



Actual Economic Impact to Date

(January 1, 2007 – December 31, 2019)

New Qualifying Jobs Created	8,418
New Qualifying Payroll Created	\$488,584,574
Average Wage	\$58,040
New Qualifying Capital Investments	\$1,021,787,307
Incentives Paid	\$30,587,956

VEGI Claims – Incentives Earned

County	New Qualifying Employees	New Qualifying Payroll	Average Wage	New Qualifying Capital Investments	Incentives Paid to Companies
Addison	0	\$0	\$0	\$0	\$0
Bennington/Windham	179	\$9,654,727	\$53,937	\$5,714,824	\$377,350
Caledonia/Orleans	41	\$1,559,378	\$38,034	\$14,732	\$187,702
Chittenden	474	\$38,480,236	\$81,182	\$35,759,220	\$736,278
Essex	0	\$0	\$0	\$0	\$0
Franklin/Grand Isle	29	\$1,012,824	\$34,295	\$1,230,628	\$40,129
Lamoille/Washington	169	\$7,051,507	\$41,725	\$13,400,384	\$328,717
Orange/Windsor	61	\$3,508,124	\$57,510	\$2,840,658	\$342,745
Rutland	0	\$0	\$0	\$0	\$0
Summary Total	953	\$61,266,796	\$64,288	\$58,960,446	\$2,012,921

Success Stories

LAWSON'S FINEST LIQUIDS, WAITSFIELD

- Authorization Period: 2017-2021
Incentive Considered: \$1,420,630
Includes LMA Enhancement



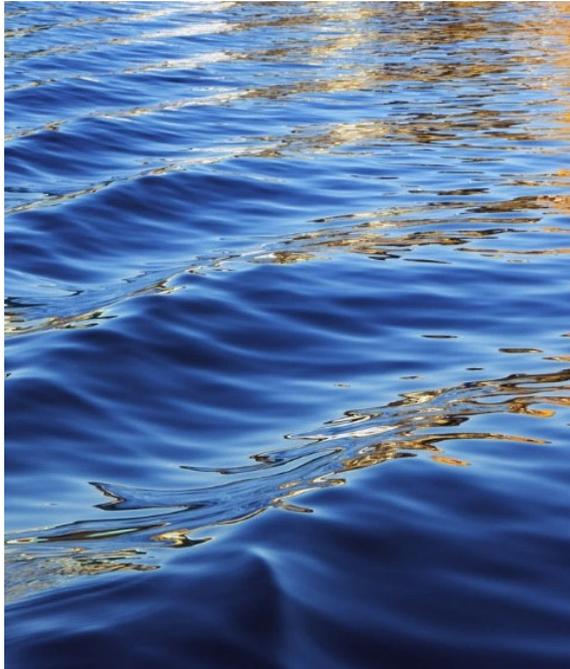
GREENSEA SYSTEMS, INC., RICHMOND

- Authorization Period: 2018-2022
Incentive Considered: \$103,505





Tax Increment Financing Districts



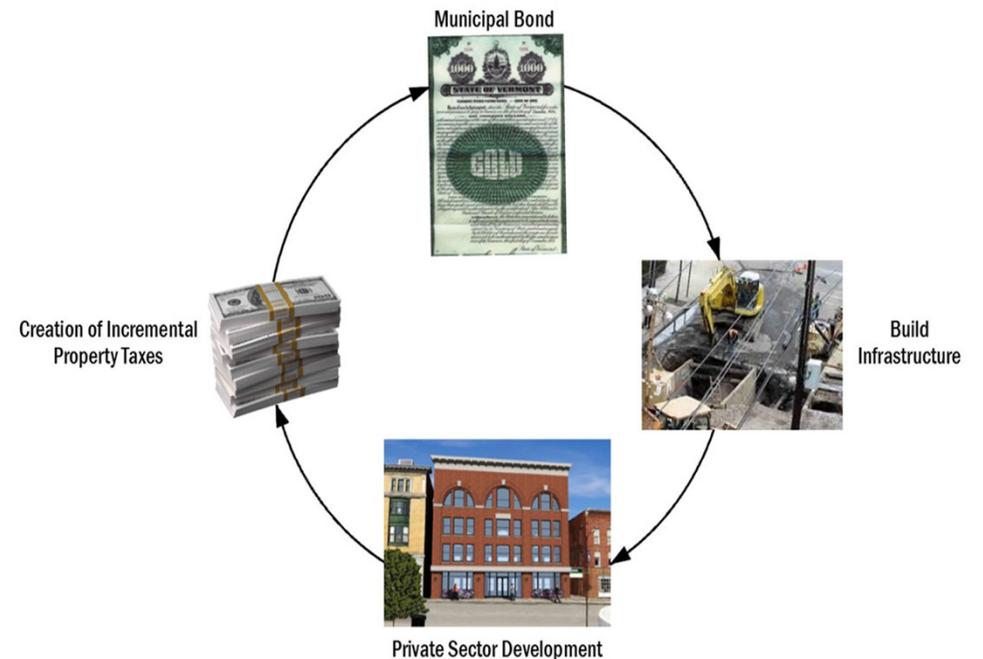
What are TIF Districts?

FINANCIALLY

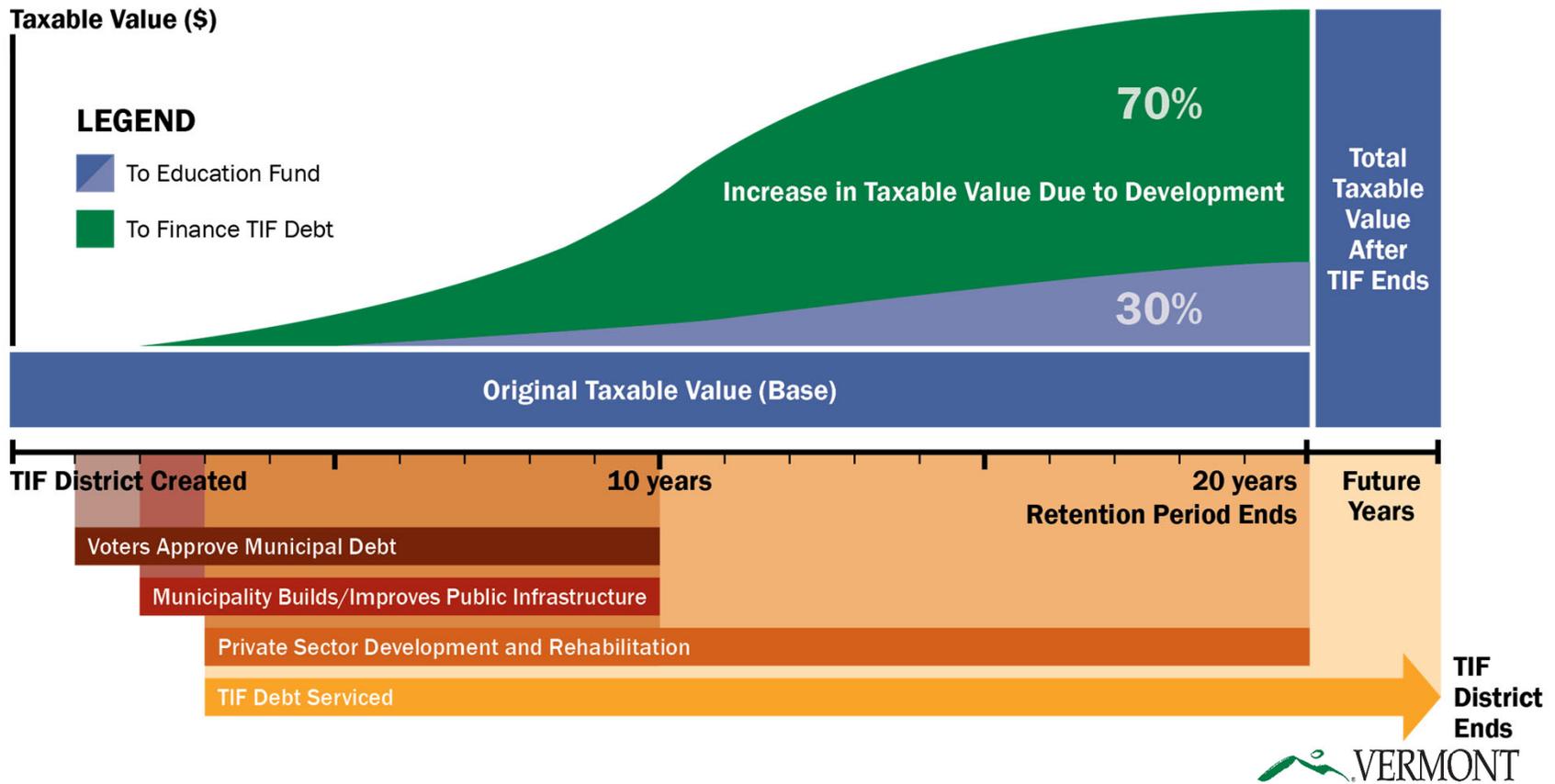
- A financing tool to build public infrastructure needed to encourage private sector development. The private development then generates new tax revenue to pay for the infrastructure.

GEOGRAPHICALLY

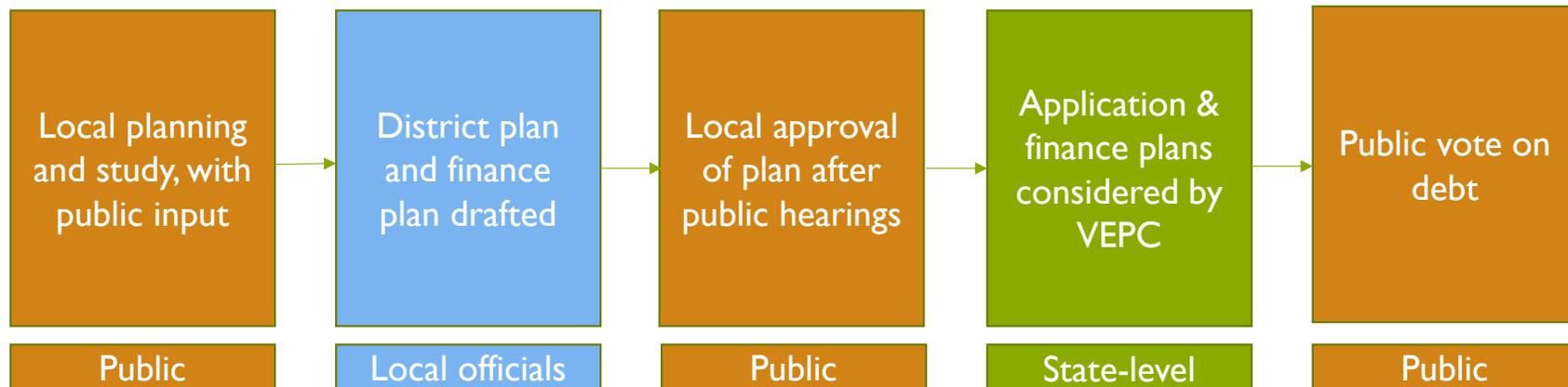
- A district, designated by a municipality, where the municipality would like to encourage private sector development.



Tax Increment Financing: Timeline and Revenue Distribution



Vermont TIF Process



Vermont TIF Location Criteria

2 of 3:

Compact,
high density, or
in existing
industrial area

Approved growth center
Designated downtown
Designated village center
New town center
Neighborhood
development area

Economically distressed:
80% of median family
income
1% > unemployment
80% of residential sales
price

Vermont TIF Project Criteria

3 of 5:

Compact,
High density, or
in existing industrial area

Approved growth center
Designated downtown
Designated village center
New town center
Neighborhood
development area

Economically distressed:
80% of median family
income
1% > unemployment
80% of residential sales
price

Clearly requires
substantial
public
investment

At least one
new or
expanded
business within
the district

Includes new or
rehabilitated
affordable
housing

Enhanced
transportation
flow or
improved
public transit

Remediation
and
redevelopment
of a brownfield

Vermont TIF Additional Approval Criteria

Infrastructure
nexus

Proportionality

Financial &
market viability

Statutory
purpose

But-for

Highly distressed:
in existing industrial area

Approved growth center
Designated

Economically distressed:
Family

Neighborhood
development area

80% of residential sales
price

clearly requires
substantial
public
investment

at least one
new or
expanded
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Enhanced
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remediation and
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TIF Districts (By Date Created)



PRE-ACT 6o TIF DISTRICTS:

Burlington Waterfront-1996

- Town Center parcels continue until 2035.

Newport City Industrial Park-1997

- Debt paid off in 2015.



EATI-ERA TIF DISTRICTS:

Milton North/South-1998

- Debt paid off in 2019



SPECIAL LEGISLATION:

Winooski Downtown- 2000

- Retention period ends 2024.



POST-ACT 184 (2006) TIF DISTRICTS:

Milton Town Core- 2008

- Retention period = 2011-2031

Colchester- 2010

- 2014 District dissolved by Select Board.

Burlington Downtown- 2011

- Retention period = 2016-2036

Hartford Downtown- 2011

- Retention period = 2014-2034

St Albans City Downtown- 2012

- Retention period = 2013-2033

Barre City Downtown- 2012

- Retention period = 2015-2035

South Burlington City Center- 2012

- Retention period = 2017-2037



POST-ACT 69 (2017) TIF DISTRICTS:

Bennington Downtown- 2017

- First debt not yet incurred

Montpelier Downtown-2018

- First Debt not yet incurred

- 4 District Opportunities Remain Under Act 69



Hartford Before – Intersection of Bridge and North Main Street



Hartford After – Underpass improvements, streetscaping, and redevelopment

Why does Vermont have a TIF program?

- Economically feasible development in downtowns is extremely difficult.
- Even in more rural areas, costs to build are so high that a return can't be made, making development unattractive.
- Much of Vermont's downtown infrastructure is old and inadequate to meet current needs.
- Each is different and have different needs, but many have issues with parking, sewer lines, water, storm water treatment, housing, and brownfields.
- Funding from State and Federal levels is limited and challenging as grants often require a 20 to 50% match.
- TIF enables public-private partnerships to finance infrastructure and attain development goals.

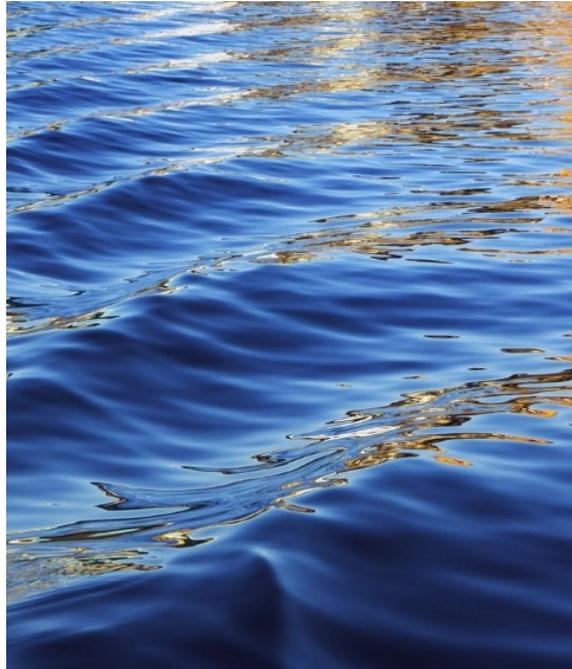
VEPC's Continuing Role:

- Oversight and Compliance Monitoring
 - Semi-annual monitoring visits
 - Annual reporting on progress from the TIF districts to VEPC
 - Submittal of annual report to General Assembly by April 1
 - Substantial change requests and non-compliance procedures

Additional Oversight:

- Annual independent audits
- Performance audits conducted by State Auditor's Office several times during the life of a district

TIF Oversight and Monitoring

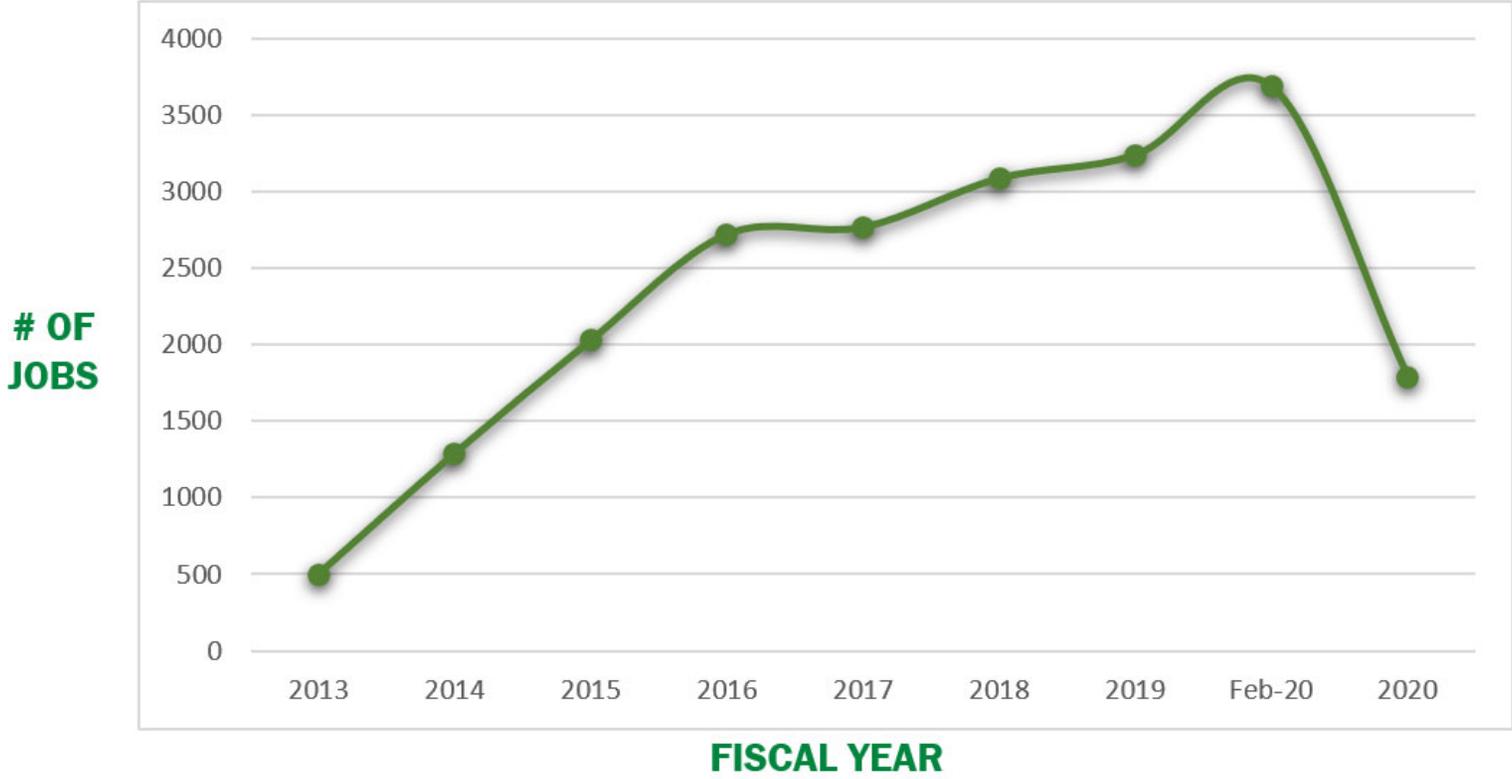


2021 TIF Annual Report

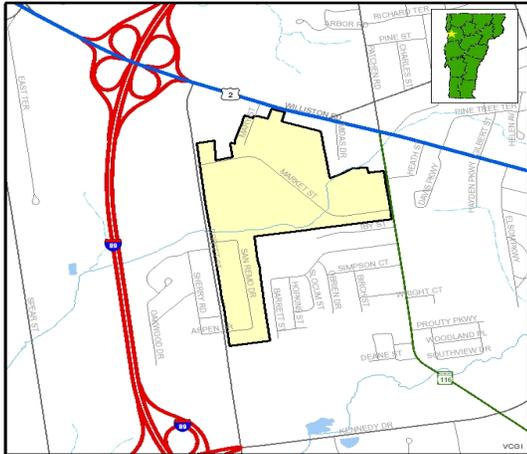
Increase In Taxable Value	\$393,209,351
Public Investment	\$162,523,140
Debt Incurred	\$107,300,000
Incremental Revenues Generated	\$82,755,742

TIF District Activity – Through Fiscal Year 2020

COVID Impacts



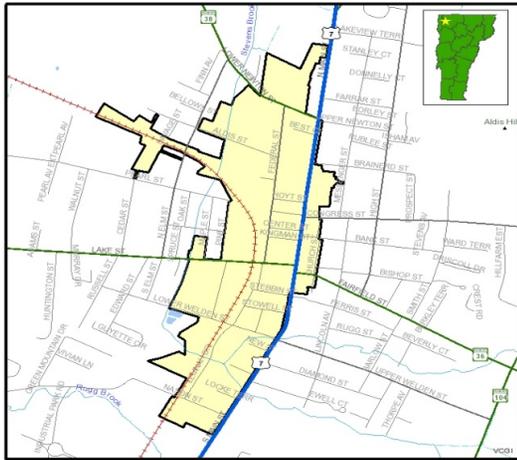
TIF District Profile – South Burlington



Year Created:	2012
Increase in Taxable Value	\$9,373,866
Tax Revenues Generated from Increment	\$211,825
To Education Fund	\$40,045
To Municipal GF	\$12,911
To TIF District Fund	\$158,869
Total Public Investment	\$20,122,909
Total Debt Incurred	\$5,000,000



TIF District Profile – St. Albans



Year Created:	2012
Increase in Taxable Value	\$49,405,337
Tax Revenues Generated from Increment	\$1,349,398
To Education Fund	\$216,297
To Municipal GF	\$0
To TIF District Fund	\$1,133,101
Total Public Investment	\$30,451,871
Total Debt Incurred	\$19,500,000



Project-based TIF

Economically feasible development in downtowns is extremely difficult.

Even in more rural areas, costs to build are so high that a return can't be made, making development unattractive.

Much of Vermont's downtown infrastructure is old and inadequate to meet current needs.

Each is different and have different needs, but many have issues with parking, sewer lines, water, storm water treatment, housing, and brownfields.

Funding from State and Federal levels is limited and challenging as grants often require a 20 to 50% match.

TIF enables public-private partnerships to finance infrastructure and attain development goals.