

# VLCT Issues Statewide TIF Assessment: May 6 Update

May 06, 2022



The Vermont League of Cities and Towns (VLCT) released an independent analysis of Vermont's Tax Increment Financing (TIF) program on April 19 that concluded that TIF helps Vermont meet its smart growth goals, promotes long-term planning, and contributes to net-growth in the Education Fund. The report comes as the Vermont Legislature considers expanding TIF to smaller, rural communities through "project-based TIF".

"VLCT commissioned the report to evaluate if the TIF program was meeting its intent of spurring development and growing tax revenues," said VLCT Executive Director Ted Brady. "The findings of the analysis support the continued use and expansion of the program. In short, it's advancing our codified development goals, encouraging communities to think long-term, and growing our tax base."

Brady explained that Vermont's TIF law allows municipalities to incur debt to make public infrastructure investments and repay that debt with a portion of the increased property tax revenue sparked by the new infrastructure.

VLCT hired the Hartland, Vermont-based Rural Innovation Strategies (RIS) to complete the analysis. RIS partnered with the University of Wisconsin Oshkosh Center for Customized Research and Services. The report included ten key findings:

- Vermont's TIF policy clearly meets the state's community and economic development goals.
- TIF serves as a powerful long-term planning tool.
- Measuring the performance of TIF districts is complicated.
- The revenue story is equally complicated, but suggests TIF districts generate net revenue growth to the Education Fund above naturally occurring growth.
- TIF generates a clear rate of economic growth not recognized in previous analyses.
- Forecasting a rate of return from TIF is complicated.
- TIF produces conditions that allow communities to leverage other assistance.
- The combination of safeguards built into Vermont's TIF statutes maximize its effectiveness and accountability while minimizing risk.
- Comparing TIF to other state economic development programs emphasizes the economic and operational benefits of TIF.
- Vermont's TIF policy must change in order for rural communities to use the program.

Johnson Selectboard Member Eric Osgood said he hoped a proposed project-based TIF pilot program in the Senate-passed version of H.159 would become law this year. The proposal would allow municipalities to apply to the Vermont Economic Progress Council for a relatively smaller TIF of up to \$5 million to build public infrastructure in a designated growth area or an industrial park.

Osgood said: "Johnson would be hard pressed to use the existing TIF program. As a selectboard member for a small rural community, I welcome the changes in H.159 that would right size the TIF program and TIF requirements so that Johnson and other rural communities could have the same access to capital that the bigger communities in Vermont have had for nearly 40 years."

On May 6, 2022, VLCT issued an update to the original April 2022 TIF analysis. These changes included removing Montpelier and Bennington from quantitative analysis due to their new status, updating figures used in calculating the TIF program's returns where stakeholders

were able to provide more accurate numbers than were included in the self-reported, publicly available data, and correcting an error related to the number of jobs created in the South Burlington TIF district. The report's findings were not affected by these changes.

Download the full report "[An Assessment of the State of Vermont's Tax Increment Financing \(TIF\) Policy](#)"

Following the press conference, [Governor Phil Scott issued a statement in support of the report's findings.](#)

[View the ORCA Media recording](#) of the press conference.

[View VLCT's Facebook Live](#) of the press conference.

[Read a related editorial](#) by Emerson Lynne in the St. Albans Messenger of April 22, 2022.



Photo, l-r: Fred Kenney, Executive Director, Addison County Economic Development Corporation; Ted Brady, Executive Director, Vermont League of Cities and Towns, Jessie Baker, City Manager, South Burlington, and Eric Osgood, Selectboard Member, Johnson.

Click on the image to download a high resolution photo.

Attachments

[vermont-tif-analysis-may-2022.pdf](#)