CHIP FAQs - Compliance

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Communities with an approved CHIP Housing Development Site must follow certain program rules and requirements through the increment retention period. Compliance helps make sure funds are used properly, and projects stay in line with program goals. The information below explains common compliance responsibilities and what communities may need to do during and after a CHIP Site is approved.

VEPC's CHIP webpage may have additional FAQs related to this topic.

Is a municipality required to verify the costs of a developer's project?

Yes. A municipality must collect documents from the developer and/or project sponsor to:

- confirm that financing was used for eligible infrastructure costs;
- make sure the infrastructure improvements were completed as agreed; and
- verify the total cost of the infrastructure project.

Is an audit of the special tax increment financing account required?

Yes. Municipalities with approved housing infrastructure projects must have an independent audit (CPA/Certified Public Accountant) of the special tax increment financing account.

How often, and when, is the audit required?

The audit is required annually on or before April 1 until the year following the end of the education property tax retention period.

Can our elected auditors perform the audit?

No. The audit must be conducted by an independent audit firm (CPA/certified public accountant).

What must the audit for the tax increment financing account include?

Procedures for the audit must include:

- verification of the Original Taxable Value,

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- verification of the annual and total municipal and education property tax increments generated,
- expenditures for financing and related costs, and
- current tax increment financing account balance.

Can a municipality request an extension to the CHIP repayment period?

No. Vermont law does not allow extensions to a CHIP's repayment period.

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